

GOVERNOR'S OFFICE OF CRIMINAL JUSTICE PLANNING
OFFICE OF THE DIRECTOR
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SACRAMENTO, CA 95814
(916) 324-9140



November 26, 2002

To : All OCJP Grantees

Subject : Revised Policies

The purpose of this letter is to inform you of two significant changes in OCJP Policy, the State Travel Policy specified in Appendix J of the OCJP Grantee Handbook, and the policy on reporting Project Income specified in Section 6600 of the Grantee Handbook. These changes constitute a revision to the policies contained in the 1999 Grantee Handbook and supersede those policies.

A copy of the revised State Travel Policy is attached. Among other changes, it increases the allowable mileage rate from 31 cents per mile to 34 cents per mile. This policy change is retroactive to July 1, 2002, unless previously authorized by program specific documents such as the Request for Proposal or Program Guidelines.

Also attached is a copy of the revised policy for reporting Project Income. This revised policy changes the definition of Project Income and imposes additional reporting requirements. This change is effective as of the date of this letter.

These changes may also be accessed in the Grantee Handbook on the Internet at www.ocjp.ca.gov/publications.htm. Should you have questions concerning this policy, please consult your assigned OCJP Program Specialist.

Sincerely,

Original signed

MICHAEL LEVY,
Interim Chief Deputy Director

REVISED STATE TRAVEL POLICY

- **Out-of-State Travel:** Out-of-state travel is restricted and only allowed in exceptional situations.
- **Mileage:** When a privately owned vehicle is utilized on project-related business, a maximum of **34 cents per mile** is allowed, unless a higher rate is justified. This documentation must be on file and available for audit.

- **Meals and Incidentals**

Breakfast \$6.00: Breakfast may be claimed when travel commences at or prior to 6:00 a.m. Breakfast may be claimed on the last fractional day of a trip of more than 24 hours if travel terminates at or after 9:00 a.m.

Lunch \$10.00: Lunch may not be claimed for travel less than 24 hours. Lunch may be claimed if the trip begins at or before 11:00 a.m. and may be claimed on the last fractional day of a trip of more than 24 hours if the travel terminates at or after 2:00 p.m.

Dinner \$18.00: Dinner may be claimed if the trip begins at or before 4:00 p.m. Dinner may be claimed when travel terminates at or after 7:00 p.m., whether on a one-day trip or on the last day of a trip of more than 24 hours.

Incidentals \$6.00: Incidentals may be claimed for trips of 24 hours or more.

Total: \$40.00

- **Lodging (with receipts):**

Statewide (excluding counties identified below): **\$84.00 plus tax.**

Los Angeles and San Diego Counties: **\$110.00 plus tax.**

Alameda, San Francisco, San Mateo, and Santa Clara Counties: **\$140.00 plus tax.**

- **Other:** Taxi, airport shuttle, etc. which exceed \$3.50 must be supported by receipt.

Parking in excess of \$10.00 must be supported by receipt.

6600 PROJECT AND OTHER INCOME

6610 Project Income

6610.1Project Income Generated by the Use of State Funds

For project income generated by the use of State funds, project income is defined as the profit resulting from income received by the grantee generated as a direct result of an OCJP grant-funded project. Profit is the amount of income remaining after deducting costs.

Types of income that relate directly to a grant and generate project income include the following:

- Client fees;
- Interest earned on generated income;
- Registration fees; and
- Sale of publications, videos, and other project generated materials.

Fundraising should not be recognized as project income, as grant funds cannot be used for organized fundraising (refer to Section 2240.3).

Project income must be used by the project for any purpose that furthers the objectives of the legislation under which the grant was awarded.

Project income cannot be used as an OCJP required cash match unless specifically allowed in Program Guidelines.

Example:

A grantee sponsors a conference and collects \$1,000 in registration fees. The conference materials and room rental costs \$800. The reportable project income is \$200 (\$1,000 in total income less \$800 in costs). The project would then submit an OCJP 234 indicating how the income was earned and a proposal on how to reallocate the income.

6610.2 Project Income Generated by the Use of Federal Funds

For project income generated by the use of Federal funds, project income is defined as all income received by the grantee generated as a direct result of a grant supported activity. The portion of project income must be accounted for up to the same ratio of federal fund participation as funded in the project. For example, if the project is funded with 25 percent of federal funds, that percentage is the amount of project income that the grantee must account for.

Types of income that relate directly to a grant and generate project income include the following:

- Client fees;

- Interest earned on generated income;
- Registration fees; and
- Sale of publications, videos, and other project generated materials.

Fundraising should not be recognized as project income, as grants funds cannot be used for organized fundraising (refer to Section 2240.3).

Project income shall be used as earned by the grantee for any purpose that furthers the broad objectives of the legislation under which the award was made (i.e. expanding the project, continuing the project, obtaining equipment or other assets needed for the project, or for the other activities that further the statute's objectives).

Project income may only be used for allowable project costs. Project income cannot be used as an OCJP required cash match, unless specifically allowed in Program Guidelines.

Example:

A grantee sponsors a conference and collects \$1,000 in registration fees. The reportable project income is \$1,000. The project would then submit an OCJP 234 indicating how the income was earned and a proposal on how to reallocate the income.

6610.3 Asset Seizures and Forfeitures

All income received from the sale of seized and forfeited assets (personal or real property) or from seized and forfeited money as a result of grant related activity shall be reported as project income.

Project income may be retained by the entity earning the program income or used by the project for any purpose that furthers the objectives of the legislation under which the grant was made.

Projects may use project income funds from seized and forfeiture assets as match.

Example:

A grantee receives \$1,000 from seized assets. The reportable project income is \$1,000. The project would then submit an OCJP 234 indicated how the income was earned and a proposal on how to reallocate the income.

6610.4 Records of receipt and disposition of project income must be maintained in the same manner as required for grant funds (see Accounting System and Structure, Section 6400). Project income must be reported at least once a quarter on an OCJP 234 (Appendix DD), indicating how the income was earned, and a proposal on how to reallocate the income. Project income cannot be expended prior to the approval of the OCJP 234.

A separate OCJP 234 (Appendix DD) must be submitted when reporting the actual expenditure of project income. The expenditures must be shown in the same categories as approved.

Unless additional restrictions on the disposition of project income are contained in the Program Guidelines or grant award, project income must be:

- a. Used by the project for a purpose that furthers the objectives of the project for which the grant was made, such as expanding the project, continuing the project, and obtaining equipment or other assets needed for the project; or

b. Deducted from the total project cost to offset the state's share of costs.

6610.5 If the income does not have prior approval or if an income surplus exists at the end of the grant period, the income will normally be divided between OCJP and the project, with OCJP's portion being based on the percentage of state and/or federal monies provided by OCJP to fund the project. This does not apply if otherwise specified in the Program Guidelines. Final determination on the disposition of such income will be made by OCJP.

6610.6 Project income received after the conclusion of the grant award funding cycle must be retained by the grantee unless the terms and conditions of the grant award agreement provide otherwise, or a specific agreement governing such project income has been negotiated between OCJP and the grantee. In such cases, reporting requirements do not apply.

6620 Interest Income

Interest income is defined as income earned by local units of government and nonprofit organizations on advances of grant funds. Interest income must be reported at the end of the funding year on an OCJP Statement of Interest Income (OCJP 224, Appendix I). Grantees may retain up to \$100 of the interest earned per funding year. Any interest over \$100 per funding year must be refunded to OCJP. The form and a check for the amount of interest income to be refunded should be attached to the final OCJP 201 (Appendix D). This does not apply to state agencies, including state institutions of higher education, state hospitals, or if otherwise specified in the Program Guidelines.

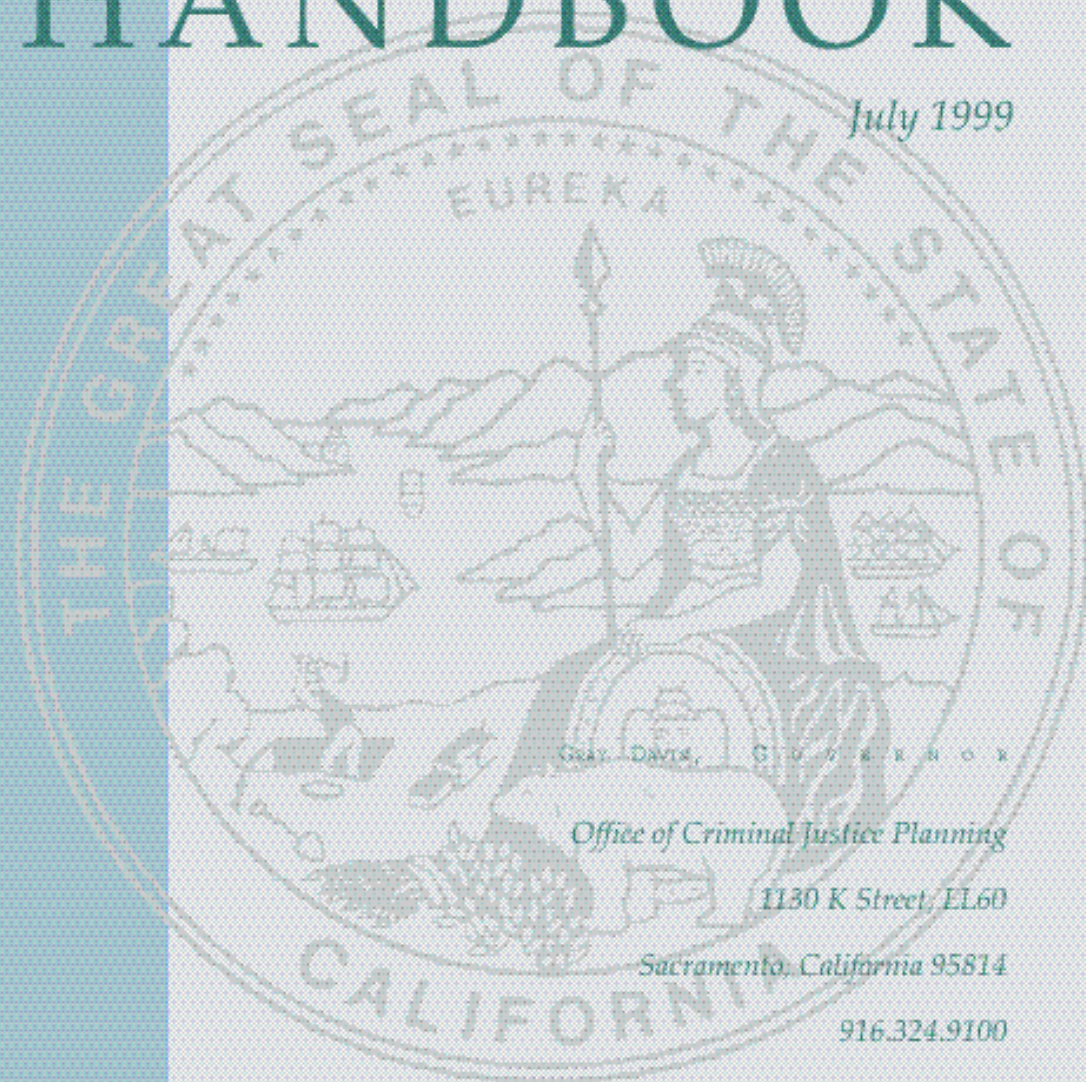
6630 Other Income

In rare cases, a grantee may receive a refund due to an over-estimate of the employer's contribution to the Public Employees Retirement System (PERS), and the contribution has been charged to a grant as an employee benefit cost. If the overpayment refund is received within the grant's funding cycle (even if the grant award period has ended), the grantee may claim the refund as project income. As project income, the refunded money must be handled in accordance with Section 6610.3. The refund may not be expended prior to receipt of OCJP's approval on an OCJP 234.

OFFICE OF CRIMINAL JUSTICE PLANNING

GRANTEE HANDBOOK

July 1999



Gray Davis, Governor

Office of Criminal Justice Planning

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OFFICE OF CRIMINAL JUSTICE PLANNING

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GRANTEE HANDBOOK

INTRODUCTION

This handbook is for agencies that receive grant funds from the Office of Criminal Justice Planning (OCJP). It outlines the terms and conditions required of grant projects. Funded projects must administer their grants in accordance with these administrative and fiscal conditions. Failure to comply with these requirements may result in the withholding or disallowance of grant payments, the reduction or termination of the grant award and/or the denial of future grant awards. All agencies that receive grant funds for programs funded by OCJP must also comply with the applicable Program Guidelines and Request-for-Proposals (RFP). In the event such guidelines or RFP are inconsistent with the provisions of this handbook, individual program guidelines or RFP shall be interpreted and construed as superseding the provisions of this handbook.

OCJP may modify and/or impose additional conditions not outlined in this handbook should it deem it appropriate to do so. Modifications or exceptions to these provisions may be made in writing, by the Executive Director, when not conflicting with any other laws.

This handbook is applicable for all grants, including re-applications, with an effective grant award start date of July 1, 1999, and thereafter.

REVISED HANDBOOK SECTIONS

The following sections have been revised for the Fiscal Year (FY) 1999/00 Grantee Handbook.

2114	Changes in Key Personnel
2224	Violence Against Women Act (VAWA) (New Section)
2232.1	Rental Space
2310	(Equipment) Definition
8120	Frequency of Audit
8133	Revised Audit Plan
8156	Audit Cost (New Section)
8157	Audit Cost (New Section)
10400 - 10434	Monitoring
14000	Glossary of Terms (New Section)
Appendix A	Standard Agreement for Extension Request
Appendix E	Computer and Automated Systems/ Purchase Justification Guidelines
Appendix K	Proposed Audit Plan
Appendix S	Out- of- State Travel Request
Appendix Y	Sample Operational Agreement/Memorandum of Understanding (New)

GRANTEE HANDBOOK

TABLE OF CONTENTS

INTRODUCTION.....	i
REVISED HANDBOOK SECTIONS.....	ii
GRANT AWARD	1000
DEFINITION.....	1100
GRANT AWARD COMPONENTS	1200
GRANT AWARD CONDITIONS	1300
General.....	1310
Supplanting.....	1313
Resolution of Governing Board	1316
FUND AVAILABILITY	1400
FUNDING CATEGORIES AND POLICY.....	2000
PERSONAL SERVICES - SALARIES AND BENEFITS.....	2100
Key Personnel.....	2110
Project Director.....	2111
Financial Officer.....	2112
Official Authorized to Sign for Project.....	2113
Changes in Key Personnel	2114
Written Job Description	2120
Written Personnel Policies.....	2130
Conflict of Interest.....	2140
Staffing of Projects.....	2141
Purchase of Supplies.....	2142
Required Certification of Assurance of Compliance	2150
Civil Rights Compliance - Equal Employment Opportunity	2151
Drug-Free Workplace Certification.....	2152
Environmental Impact.....	2153
Lobbying.....	2154
Debarment.....	2155
Verification of Citizenship.....	2156
Fidelity Bond	2160
General Requirements	2161
Exemptions	2162
Allowable and Non-allowable Costs for Personnel	2170

General	2171
Provisions Regarding Allowable Compensation for Personnel	2172
Time Study Allocation Plan - Personal Services and Benefits	2173
Personnel Changes	2174
Federal and State Employees	2175
Overtime	2180
OPERATING EXPENSES	2200
General	2210
Indirect Cost Rate Proposal (ICRP)/Administrative Overhead	2220
Description	2221
Approval	2222
Victims of Crime Act (VOCA) Federal Funds	2223
Violence Against Women Act (VAWA) Federal Funds	2224
Rates	2225
Records	2226
Allowable Expenses Items	2230
Confidential Expenditures	2231
Facility Rental	2232
Rented or Leased Equipment	2233
Audit Costs	2234
Emergency Funds	2235
Travel and Per Diem	2236
Consultant Services	2237
Prohibited Expense Items	2240
EQUIPMENT	2300
Definition	2310
Allowable Equipment	2320
Motorized Vehicles	2330
Automobiles	2331
Computers and Automated Equipment	2340
Justification	2341
Cost	2342
Lease to Purchase Agreement	2343
Identification and Records	2350
Title	2360
Losses/Replacements	2370
Transfer of Title	2380
PROCUREMENTS	3000
DEFINITION	3100
APPROVALS (OR APPRAISALS) AND AUTHORITIES	3200
GUIDELINES	3300
METHODS OF PROCUREMENT	3400
Formal Advertising	3410

Invitation to Bid	3411
Request-for-Proposal	3412
Procurement Awards	3413
Informal Advertising	3420
SOLE SOURCE REQUESTS.....	3500
General	3510
Justification Procedure.....	3520
One Bid Received or Considered Responsive.....	3530
ELEMENTS OF A PURCHASE ORDER/DOCUMENT.....	3600
CONTRACTS.....	4000
DEFINITION.....	4100
APPROVALS AND AUTHORITIES.....	4200
Contracts \$2,500 and over	4210
Contracts less than \$2,500	4220
Contracts over \$10,000.....	4230
GUIDELINES	4300
METHODS OF CONTRACTING.....	4400
Formal Advertising	4410
Invitation for Bid	4411
Request for Proposals.....	4412
Awarding Contracts	4420
Informal Advertising.....	4430
SOLE/SINGLE SOURCE REQUESTS	4500
General.....	4510
Justification Procedure.....	4520
One Bid Received or Considered Responsive.....	4530
SELECTING A CONTRACTOR.....	4600
ELEMENTS OF A CONTRACT.....	4700
CONTRACT LIMITATIONS	4800
CONTRACT PROVISIONS	4900
Drug-Free Workplace Certification Requirements.....	4910
MULTI-MEDIA MATERIALS, COPYRIGHTS AND PATENTS.....	5000
PUBLICATIONS	5100
Definition.....	5110

OCJP Review	5120
Profit	5130
CREDITS AND DISCLAIMERS	5200
COPYRIGHTS AND RIGHTS IN DATA	5300
PATENTS	5400
FINANCIAL REPORTING	6000
NOTIFICATION OF GRANT AWARD	6100
ENCUMBRANCES AND LIQUIDATION EXPENDITURES	6200
Definition of an Encumbrance	6210
Liquidation Expenditures	6220
REPORT OF EXPENDITURES AND REQUEST FOR FUNDS	
(OCJP 201)	6300
Monthly Report of Expenditures and Request for Funds	6310
Advance Payments	6311
Timely Submission of OCJP 201	6312
Claimed Expenses	6313
Quarterly Report of Expenditures and Request for Funds	6320
Final Report of Expenditures and Request for Funds	6330
Double Billings	6340
ACCOUNTING SYSTEM AND STRUCTURE	6400
Accounting System	6410
General Ledger Account Structure	6420
MATCH REQUIREMENTS	6500
Definitions	6510
Cash Match	6511
In-Kind Match	6512
Match Categories (Allowable/Nonallowable)	6520
Required Match	6530
Over Match	6540
Calculating the Match	6550
Changing the Type of Match	6560
Reporting	6570
PROJECT AND OTHER INCOME	6600
Project Income	6610
Interest Income	6620
Other Income	6630
CHANGES TO GRANT AWARD	7000

GENERAL	7100
Amending the Grant Award	7110
Modifying the Grant Award	7120
Approval, Amendments	7130
Approval, Modifications	7140
GRANT AWARD EXTENSIONS	7200
Definition	7210
Extensions of Grant Periods	7220
Considerations	7230
Extension Procedures	7240
Extension of Bond Coverage	7250
AUGMENTATIONS	7300
Definition	7310
Considerations	7320
Augmentation Procedures	7330
Bonding	7340
REDUCTION TO GRANT ALLOCATION	7400
Definition	7410
Considerations	7420
Decreasing Project Funds	7430
BUDGET MODIFICATION	7500
Definition	7510
Prior Approval	7520
Budget Modification Procedures	7530
MODIFICATION OF PROJECT OBJECTIVES	7600
Procedures	7610
Approval	7620
EXTENSION OF LIQUIDATION PERIOD	7700
Definition	7710
Considerations	7720
Procedures	7730
AUDITS	8000
AUDIT REQUIREMENTS	8100
Scope of Audit	8110
Frequency of Audit	8120
Securing Audits	8130
Relation to Other Audit Requirements	8140
Audit Costs	8150
AUDIT REPORTS	8200
Audit Report Content	8210

Report Distribution	8220
Failure to Submit an Audit Report	8230
Access to Audit Documents	8240
Quality Control Review	8250
Right to Perform Audit or Review	8260
OCJP AUDIT PROCESS	8300
QUESTIONED/DISALLOWED COSTS IDENTIFIED IN AN AUDIT	8400
INDEPENDENT CPA/AUDITOR REPORT REVIEW PROCESS	8500
FINANCIAL TECHNICAL ASSISTANCE.....	8600
Procedures to Request Technical Assistance	8601
Audit Programs and Internal Control Questionnaires.....	8602
RECORDS.....	8700
DEFINITION OF TERMS.....	8800
Administrative Findings	8801
Disallowed Costs	8802
Full Period Grant Audit	8803
Interim Grant Audit	8804
Questioned Costs	8805
SEPARATION OF DUTIES - GENERAL GUIDELINES.....	8900
General Guidelines	8910
Minimum Requirements	8920
AUDITS RESOLUTION	9000
DISPOSITION OF AUDIT ISSUES	9100
DISALLOWED COSTS	9200
Invoice for Repayment	9210
Repayment of Disallowed Costs	9220
Sanctions for Non-payment.....	9230
REPORTING PROJECT ACTIVITIES AND ACHIEVEMENTS	10000
PROGRESS REPORTS.....	10100
Purpose	10110
Submission	10120
Final Payment	10130
TECHNICAL ASSISTANCE	10200

SITE VISIT	10300
Purpose	10310
Timeframe	10320
Follow-up	10330
 MONITORING	 10400
Timeframe	10410
Monitoring Procedures	10420
Scope of Monitoring	10421
Monitoring Report	10430
Project Response to Compliance Plan	10431
Disputed Findings	10432
Final Sanctions	10433
Final Action by OCJP	10434
 RECORDS	 11000
GENERAL	11100
Audits/Monitoring	11110
RETENTION REQUIREMENTS	11200
DOCUMENTATION REQUIREMENTS	11300
Fiscal	11310
Bank Statements & Reconciliations	11311
General Ledger Account Entries	11312
Duplicate Deposit Receipts	11313
Canceled Checks	11314
Vouchers	11315
Programmatic	11320
Payroll Records	11330
Personnel Files	11340
Equipment	11350
ORGANIZATION POLICIES AND PROCEDURES	11400
PUBLIC AVAILABILITY OF INFORMATION	11500
 WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR DENIAL OF GRANT FUNDS.....	 12000
WITHHOLDING OR DISALLOWANCE OF GRANT FUNDS	12100
REDUCTION OR TERMINATION OF GRANT FUNDS	12200
DENIAL OF FUTURE FUNDING	12300
 CLOSEOUT	 13000

DISPOSITION OF PROPERTY..... 13100

FINAL PROGRESS REPORT..... 13200

INTERNAL ASSESSMENT/FINAL EVALUATION REPORT..... 13300

FINAL REQUEST FOR REIMBURSEMENT 13400

RETENTION OF RECORDS..... 13500

AUDITS 13600

GLOSSARY OF TERMS..... 14000

INDEX

APPENDIX

APPENDICES

STD 2	Standard Agreement (Blank and Sample Extension Request)	A
OCJP 074	Use of Equipment Certification	B
OCJP 113	Functional Time Sheet Report	C
OCJP 201	Report of Expenditures and Request for Funds	D
	Computers and Automated Systems Purchase Justification Guidelines	E
OCJP 202	Certification for Advance of Funds	F
OCJP 203	Request to Submit Quarterly Reports of Expenditures and Request for Funds	G
OCJP 223	Grant Award Modification	H
OCJP 224	Statement of Interest Income	I
	State Travel Policy	J
OCJP 601	Audit Plan Form	K
OCJP 602	Request for Financial Technical Assistance	L
OCJP 651	Request for Programmatic Technical Assistance	M
OCJP 652	Disbursement of Confidential Funds	N
STD 21	Drug-Free Workplace Certification	O
OCJP 656	Certification of Assurance of Compliance	P
	Emergency Fund Procedures	Q
	State and Federal Civil Rights Laws	R
OCJP 700	Out-of-State Travel Request	S
	Sole/Single Source Justification Checklist for Goods and Sole/Single Source Justification Checklist for Services	T
	Sample CEQA Compliance Memo	U
	Sample Equal Employment Opportunity Policy Statement "Harassment or Discrimination in Employment is Prohibited by Law" Poster	V W
OCJP 131	Transfer of Publication Title	X
	Sample Operational Agreement/Memorandum of Understanding	Y
	Sample Job Descriptions	Z
	Additional Signature Authorization	AA
	Disclosure of Lobbying Activities	BB
	Lease/Purchase Analysis	CC
OCJP 234	Project Income Reporting Transmittal	DD
	Sample Resolution of the Governing Board	EE

1000 GRANT AWARD

1100 DEFINITION

The approved grant application, when signed by both the Executive Director and Fiscal Officer of OCJP, becomes the grant award which contains the terms and conditions of the grant agreement.

1200 GRANT AWARD COMPONENTS

The grant award components are:

- a. Grant Award Face Sheet (OCJP A301);
- b. Grant Award Conditions (if applicable);
- c. Certification of Assurance of Compliance (OCJP 656);
- d. Grant Award Budget (OCJP A303a-c);
- e. Project Narrative;
- f. Project Contact Information; and
- g. Governing Board Resolution.

1300 GRANT AWARD CONDITIONS

1310 General

1311 The grant award is an agreement between OCJP and the grant recipient. Projects must conform to the agreement as specified. Failure to do so may result in the withholding or disallowance of grant payments, the reduction or termination of the grant award and/or the denial of future grant awards.

1312 Grantees must comply with all applicable federal/state laws and regulations.

1313 Supplanting Prohibited

Supplanting means to deliberately reduce federal, state, or local funds because of the existence of OCJP funds. For example, when non-OCJP funds are appropriated for a stated purpose and OCJP funds are awarded for that same purpose, the grantee replaces its non-OCJP funds with OCJP funds, thereby reducing the total amount available for the stated grant purpose.

OCJP funds must be used to supplement existing funds for program activities and not replace those funds which have been appropriated for the same purpose. Supplanting is strictly prohibited for all OCJP funds.

1314 Changes made in the grant award during the grant year must be fully documented in accordance with the procedures described in this handbook. Oral agreements are not binding.

1315 The applicable Program Guidelines and RFP outline additional terms and conditions of project funding. Failure to adhere to these requirements may result in the withholding or disallowance of grant payments, and/or the reduction or termination of the grant award, and/or the denial of future funding. In the event such guidelines are inconsistent with the provisions of this handbook, applicable Program Guidelines and RFPs supersede the provisions of this handbook unless otherwise determined by OCJP.

1316 Resolution of the Governing Board

Prior to receiving grant funds, applicants must obtain a resolution from their governing board authorizing the designated official to sign and approve the Grant Award Agreement. (See Appendix EE for sample Resolution and instructions.)

1400 **FUND AVAILABILITY**

Allocation of funds is contingent on the enactment of the state budget. OCJP does not have the authority to disburse any funds until the budget is passed and the Grant Award Agreement is fully executed. Until such time, projects must refrain from incurring any expenditures. Any expenditures incurred prior to authorization are made at the project's own risk and may be disallowed. OCJP employees are not able to authorize an applicant for funding to incur expenses or financial obligations prior to the execution of a Grant Award Agreement.

If, during the term of the grant award, the state and/or federal funds appropriated for the purposes of the grant award are reduced or eliminated by the California Legislature or by the United States Government or in the event revenues are not collected at the level appropriated, OCJP may immediately terminate or reduce the grant award upon written notice to the project. However, no such termination or reduction shall apply to allowable costs already incurred by the project to the extent that state or federal funds are available for payment of such costs.

The grant award entered into with OCJP is subject to any applicable restrictions, limitations, or conditions enacted by the California Legislature and/or the United States Government subsequent to execution of the grant award.

2000 FUNDING CATEGORIES AND POLICY

2100 PERSONAL SERVICES - SALARIES AND BENEFITS

2110 Key Personnel

2111 Project Director

The project director has general administrative authority for implementing program activities and maintaining compliance with all program, administrative and fiscal requirements of the grant award.

The project director is responsible for:

- a. Ensuring that any project monies expended or obligated are for allowable costs and are in compliance with the approved budget;
- b. Maintaining required documentation of project activities and accomplishments; and
- c. Signing all reports and grant modifications.

2112 Financial Officer

The Financial Officer monitors the actual receipt and payment of grant monies. The financial officer is responsible for:

- a. Maintaining proper accounting records;
- b. Signing fiscal reports, grant modifications and progress reports where appropriate; and
- c. Ensuring the appropriate expenditure of grant funds.

The financial officer must be someone other than the project director.

If the Auditor-Controller/City Auditor is designated as the financial officer in the grant award, the Auditor-Controller/City Auditor may not meet the independence standard to perform the audit of the OCJP grant. Refer to Section 8110 for more information.

2113 Official Authorized to Sign for Project

This official is the person designated by the governing body (council or board) in the resolution to sign the Grant Award Face Sheet (OCJP A301). This official must also sign all amendments to the grant award. Amendments are increases or decreases to the grant award or changes to the grant period. The official authorized to sign for the project is identified on the Grant Award Face Sheet.

2114 Changes in Key Personnel

Any changes in key personnel, as identified in Section 2110, and the effective date of the change, must be reported to OCJP in writing and recorded on a Grant Award Modification (OCJP 223, Appendix H) as soon as the change is known. Failure to make these changes will result in the return of grant documents requiring that person's signature. This may cause significant delays in receiving payments and processing amendments and extensions.

2120 Written Job Description

Projects must have on file written job descriptions (as opposed to job specifications) for all positions funded by OCJP, detailing specific grant-related activities to achieve project objectives (e.g., the Victim/Witness Advocate will provide direct services to victims and witnesses of crimes; and provide information to victims about the Criminal Justice System). These duty statements shall reflect specific grant related duties required by the objectives and activities of the funded program area and should not be the standard job classification description for this title of position within your agency. (See Appendix Z for examples.)

Where applicable, job descriptions will also include a statement addressing the tracking of project activities and the maintenance of appropriate source documentation in support of data reported on progress reports (e.g., the Deputy Probation Officer will supervise a caseload of drug or drug-related probationers, not to exceed 35; implement intensive supervision techniques consistent with OCJP standards; and maintain source documentation in support of data reported to OCJP on Progress Reports).

2130 Written Personnel Policies

OCJP funded projects must have written personnel policies that are available to all employees. Policies must include, at a minimum:

- a. Work hours;
- b. Compensation rates, including overtime, and benefits;
- c. Vacation, sick and other leave allowances; and
- d. Hiring and promotional policies.

2140 Conflict of Interest

Officials and employees of a grantee must not participate in activities involving the use of grant funds where there is a financial interest or benefit:

- a. to him or herself, immediate family, partners, organization (other than a public agency in which he or she is serving as an officer, director, trustee, partner or employee), or
- b. to any person or organization with whom he or she is negotiating or has any arrangement concerning prospective employment.

Officials and employees of a grantee must avoid actions that result in or create the appearance of:

- a. using an official or grant-funded position for personal gain;
- b. giving preferential treatment to a particular person or project;
- c. losing independence or impartiality;
- d. making a decision outside official channels; or
- e. affecting adversely the confidence of the public in the integrity of the government or the program.

2141 Staffing of Projects

OCJP funded projects shall not employ, enter into any contract, or engage in any activity or enterprise, with a consultant currently under contract with OCJP, or any current OCJP employee, whether formal or informal, for pay or not for pay, which might result in a conflict of interest or the appearance of a

conflict of interest.

Funded projects must submit written notification to OCJP prior to employing, contracting, or engaging in any activity or enterprise with a consultant currently under contract with OCJP, or any current OCJP employee. The notification should include a full description of the intended relationship between the project and the consultant or employee. OCJP's Chief Deputy Director, or his/her designee, shall review the written notification and determine whether a conflict of interest or the appearance of a conflict of interest exists.

2142 Purchase of Supplies

The project may use funds to purchase supplies or other goods (e.g., rent an office, secure insurance, purchase office supplies) from a party in which the project employee or board member has a financial interest if all of the following criteria are met:

- a. The employee or board member who has a financial interest does not take part in the bidding or awarding process;
- b. The project is receiving the item at a lesser rate or there are additional benefits which would not have been available through an independent party;
- c. The purchase or transaction is approved by a quorum of the board and documented in the board minutes, and the board member who has a financial interest abstained from voting; and
- d. The records which support b. must be retained by the project as specified in Section 11200, or as long as the supplies/goods or services are being used, whichever is longer.

2150 Required Certification of Assurance of Compliance (Appendix P)

The Certification of Assurance of Compliance form is a binding assurance that the grantee will comply with the Equal Employment Opportunity (EEO), Drug Free Workplace, Environmental Impact, Lobbying, and Debarment/Suspension requirements.

2151 Civil Rights Compliance - Equal Employment Opportunity

It is the public policy of the State of California to promote equal employment opportunity by prohibiting discrimination in employment because of race, religious creed, color, national origin, ancestry, physical handicap, medical condition (cancer related), marital status, sex or age (over 40).

a. State and Federal Civil Rights Laws

Comprehensive state and federal civil rights regulations include the following directives:

1. Prohibits discrimination or denial of benefits to persons who are under programs or activities receiving financial assistance from the State of California or the Federal Government;
2. Mandates that qualified persons with disabilities will not be excluded from, denied benefits of, or discriminated against solely on the basis of their disabilities, under any program or activity receiving financial assistance from OCJP;
3. Mandates that all facilities used by OCJP funded programs shall be made reasonably

accessible and usable by the physically handicapped;

4. Provides that employers shall make reasonable accommodation to the physically handicapped, unless the employer can demonstrate that such accommodation would impose an undue hardship;
5. Guarantees equal opportunity for individuals with disabilities in public and private sector services and employment; and
6. Mandates that all employers shall ensure a workplace free of sexual harassment.

Additional federal regulations require agencies receiving federal financial assistance from OCJP to prepare an Equal Employment Opportunity Program (EEOP) upon meeting all of the following criteria:

1. Grantee has 50 or more employees;
2. Grantee has received a total of \$25,000 or more in grants or subgrants since 1968 (for grants of \$500,000 and more see c. below); and
3. Grantee has a service population of 3% or more minority representation (if less than 3% minority population the EEOP must be prepared to focus on women).

Effective Fiscal Year 1992-93, the criteria and requirements apply to the "implementing agency" responsible for the day-to-day operation of the project (e.g., probation department, district attorney, sheriff, etc.).

b. Federal Grants of \$25,000 - \$499,999

All applicants for federal grant funds of \$25,000 - \$499,999 must file a Certification of Assurance of Compliance (OCJP 656) with their proposal, certifying the agency has an EEOP on file or will develop and implement an EEOP within 60 calendar days of the date the Grant Award Face Sheet (OCJP A301) is signed by the Executive Director of OCJP. The signed certification will be placed on record in the OCJP grant file. Additionally, the implementing agency must submit a copy of their EEOP for review to OCJP (Attention: EEO Compliance Officer) within 60 calendar days of the date the Executive Director signs form OCJP A301.

c. Federal Grants of \$500,000 and Above

Applicants for federal grant funds of \$500,000 or more are required to submit a copy of their EEOP (developed for implementing agency), or federal letter of compliance, to OCJP with the proposal. No grant award agreement in this amount will be approved until OCJP receives approval from the Federal Government for the implementing agency's EEOP.

d. EEOP Updates for Continuing Grants

Projects who have previously received a total of \$25,000 or more in grant funds, or a single award in the amount of \$500,000 or more, and have an approved EEOP on file with OCJP, are required to submit an annual update of their EEOP if funds are continued. The timeframe for EEOP updates are the same as are identified in b. and c. above and must cover the implementing

agency.

e. Additional Requirements for All OCJP Grantees

1. In addition to the Certification of Assurance of Compliance (OCJP 656), all OCJP grantees must have a current year EEO Policy Statement, established by their agency, posted in a prominent place accessible to employees and applicants. (See Appendix V.)
2. The poster entitled "Harassment or Discrimination in Employment is Prohibited by Law" (see Appendix W) must also be posted in a conspicuous location accessible to employees and applicants for employment. This poster may be obtained from the local office of the Department of Fair Employment and Housing (DFEH) office.

f. State Funded Grants and Community Based Organizations (CBOs)

State funded grants and CBOs are exempt from the federal requirement of developing an EEOP, pursuant to 28 CFR, part 42, Subpart E. CBOs, however, are monitored by the U.S. Department of Health and Human Services in EEO compliance matters.

g. EEO Monitoring Responsibility

OCJP program staff will ensure that all grantees have a current EEO Policy Statement describing the agency's commitment to equal employment opportunity for all persons, regardless of: 1) race, 2) color, 3) ancestry, 4) national origin, 5) religious creed, 6) sex, 7) medical condition (cancer related), 8) physical handicap, 9) age (over 40), and 10) marital status, as required by the California Fair Employment and Housing Act.

h. Grantee Responsibility

Grantees acknowledge awareness of and the responsibility to comply with all EEO requirements by signing the Grant Award Face Sheet, the Certification of Assurance of Compliance (OCJP 656, Appendix P), and submitting the proposal to OCJP. Failure to comply with these requirements may result in the delay or possible discontinuance of grant funds.

Copies of the Equal Employment Opportunity Program Guidelines may be obtained by contacting the OCJP EEO Compliance Officer at (916) 327-3689. For additional information on the specific state and federal civil rights laws, please refer to Appendix R.

All applicants are encouraged to contact their Personnel Office for EEO assistance and information.

2152 Drug-Free Workplace Certification

a. General

Through the enactment of Senate Bill 1120 (Chapter 1170, Statutes of 1990), the Drug-Free Workplace Act of 1990 ("the Act") was established requiring grantees to ensure OCJP that they will comply with the requirements of Government Code Sections 8350-8357.

b. Definitions

1. "Drug-free workplace" means a site for the performance of work done in connection with a specific grant or contract described in Government Code Section 8355 of an entity at which employees of the entity are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in accordance with the requirements of this chapter.
2. "Employee" means the employee of a grantee or contractor directly engaged in the performance of work pursuant to the grant or contract described in Government Code Section 8355.
3. "Controlled substance" means a controlled substance in Schedules I through V of Section 202 of the Controlled Substance Act (21 U.S.C. Section 812).
4. "Grantee" means the department, division, or other unit of an organization responsible for the performance under the grant.
5. "Contractor" means the department, division, or other unit of a person or organization responsible for the performance under the contract.

c. Requisites for Certification to Office of Criminal Justice Planning

Every person or organization awarded a contract or a grant for the procurement of any property or services shall certify that it will provide a drug-free workplace by doing all of the following:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the person's or organization's workplace and specifying the actions that will be taken against employees for violations of the prohibition.
2. Establishing a drug-free awareness program to inform employees about all of the following:
 - (a) The dangers of drug abuse in the workplace;
 - (b) The person's or organization's policy of maintaining a drug-free workplace;
 - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d) The penalties that may be imposed upon employees for drug abuse violations.
3. Requiring that each employee engaged in the performance of the contract or grant be given a copy of the statement required by subdivision (a) and that, as a condition of employment on the contract or grant, the employee agrees to abide by the terms of the statement.

Each employee must sign a written agreement that she/he received a copy of the statement and she/he will abide by it. The grantee/contractor then must maintain the documentation (signed agreement) on file.

d. Certification of Compliance

OCJP is required by law to obtain written certification of compliance. See Appendix O for a

copy of the Drug-Free Workplace Certification, which can serve as a guide for the development of a project's statement. Additionally, see Appendix P for the Certification of Assurance of Compliance (OCJP 656) form. The OCJP 656 must be signed by the designated individual authorized to sign the grant award as described in Section 2113 and will become part of the OCJP grant award agreement.

e. Termination of Contract or Grant; List of Canceled Awards

1. A determination of noncompliance will jeopardize eligibility for continued grant funding. Each contract or grant award may be subject to suspension of payments or termination of the contract or grant, or both, and the contractor or grantee may be subject to debarment, in accordance with the requirements of Section 8356 of the Act, if OCJP determines that any of the following has occurred:
 - (a) The contractor or grantee has made a false certification under Section 8355.
 - (b) The contractor or grantee violates the certification by failing to carry out the requirements of subdivisions (a) to (c), inclusive, of Section 8355.
2. The Department of General Services shall establish and maintain a list of individuals and organizations whose contracts or grants have been canceled due to failure to comply with these provisions; and
3. OCJP shall immediately notify the department of any individual or organization that has an award canceled on the basis of violation of these provisions.

2153 Environmental Impact

The California Environmental Quality Act (CEQA) (Public Resources Code, Division 13, Section 21000 et. Seq.) requires all OCJP funded projects to certify compliance with CEQA. In order to assist grantees in complying with CEQA requirements, OCJP developed the sample CEQA Compliance memo included as Appendix U. Applicants selected for funding must have their lead city or county planning agency review and complete a CEQA compliance memo. Projects unable to have lead planning agency staff certify the compliance memo must obtain other written certification from the lead planning agency or tribal staff that the project is not impacting the environment negatively and/or is complying with CEQA administrative requirements covered in the sample memo's contents. A copy of the CEQA compliance memo or other certification must be completed once during the project's grant award cycle. The original copy must be retained on file for review during site and monitoring visits by OCJP staff.

Projects must also complete and submit with their grant award packet the Certification of Assurance of Compliance form (OCJP 656, Appendix P). Completion by the project certifies that the CEQA requirements have been complied with and the above described memo or other confirming certification has been completed and retained on file by the project. Projects experiencing difficulty in fulfilling these requirements should contact their program specialist for assistance.

2154 Lobbying

OCJP grant funds shall not be used for the purposes of lobbying, as required by Section 1352, Title 31 of the U.S. Code, and implemented as 28 CFR, Part 69. This prohibition will be applied to both federal and state-funded grants. Refer to Section 2240.2 for an explanation of lobbying activities. Any expenditure or use of funds, grant property, or grant funded positions for any lobbying activities are

disallowed costs (Section 8400). By signing the Certification of Assurance of Compliance form (OCJP 656, Appendix P), the applicant certifies adherence with this requirement.

If the implementing agency participates or contracts to participate in lobbying activities using funds other than the OCJP appropriated funds, the Disclosure of Lobbying Activities form (Appendix BB) must be completed.

2155 Debarment

It is the policy of the Federal Government to conduct business only with responsible persons, and a system for debarment and suspension from programs and activities involving Federal financial and nonfinancial assistance and benefits assists agencies in carrying out this policy. Debarment or suspension of a participant by one agency has government-wide effect.

Applicants must certify that they will adhere to Federal Executive Order 12549, Debarment and Suspension. By signing the Certification of Assurance of Compliance form (OCJP 656, Appendix P), the applicant certifies to that effect. The OCJP 656 outlines the grounds for debarment and suspension.

2156 Verification of Citizenship

OCJP projects must comply with the requirements of Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) as well as any regulations promulgated by the U. S. Attorney General interpreting the act. PRWORA requires generally that public funds may not be used to provide a public benefit to “non-qualified aliens.” Projects that are both nonprofit and charitable are not required to verify an applicant’s status as a U. S. citizen. Projects that conduct citizenship verification for any other purpose must use that verification for the purpose of denying public benefits to unqualified aliens, unless another exemption applies.

Projects that are governmental organizations must comply with all provisions of PRWORA and are thus prohibited from providing public benefits to aliens. These projects must conduct citizenship screening of applicants who are provided with public benefits. It is incumbent upon the project to obtain access to the Systematic Alien Verification for Entitlements (SAVE) system for this purpose. SAVE is an intergovernmental information-sharing program that is available to benefit-granting agencies that need to determine an alien’s immigration status.

2160 Fidelity Bond

2161 General Requirements

All private nonprofit organizations are required to obtain a fidelity bond or an equivalent insurance (employee dishonesty) contract applicable to all officials and employees of an OCJP-funded project. (Liability insurance does not fulfill this particular requirement.) The purpose of the fidelity bond/employee dishonesty insurance requirement is to protect public funds by assuring reimbursement to the grantee or OCJP grant award funds, which are stolen or otherwise misappropriated by officials and/or employees of an OCJP-funded grantee. Failure to comply with this requirement may result in the withholding of grant funds and/or termination of the grant award agreement. The beneficiary named on the bond or an endorsement must include the "State of California, Office of Criminal Justice Planning."

The total time period of the grant, including any extensions and augmentation, must be covered by the

fidelity bond or equivalent insurance contract. The bond may have a deductible in an amount not to exceed \$1,000, and must be issued in an amount equal to 50% of the total grant award less local matching funds. Within 60 calendar days of the signed grant award, the grantee shall provide OCJP with an original certificate from the bonding or insurance company listing the "State of California, Office of Criminal Justice Planning" as the first loss payee. It must be accompanied by proof of payment and indicate the following:

- a. Bonding company name;
- b. Bond number;
- c. Description of coverage;
- d. Amount of coverage;
- e. Bond period; and
- f. Grant award number(s).

2162 Exemptions

A bond is not required of projects sponsored by units of government. Nonprofit organizations sponsored by units of government may submit documentation indicating this in lieu of the bond or equivalent insurance contract, unless it was specifically required in the program guidelines, RFP or grant award conditions.

2170 Allowable and Non-allowable Costs for Personnel

2171 General

Salaries are fixed compensation for services performed by staff who are directly employed by the applicant and are paid for on a regular basis. These costs must be identified by position and percentage of salaries and rounded off to the nearest whole dollar. All others are to be shown in the Operating Expenses Category supported by contract, operational agreement, or memorandum of understanding.

Employee benefits and employer payroll taxes include employer's contributions or expenses for social security, employee's life and health insurance plans, unemployment insurance, pension plans, and other similar expenses that are approved by OCJP. These expenses are allowable when they are included in the grant award and are in accordance with the organization's approved written policies.

Employee benefits in the form of regular compensation (normal pay) paid to employees during periods of authorized absences from the job for jury duty and military leave are allowable if (1) they are provided pursuant to an approved leave system; (2) the costs are equitably allocated to all related activities (claimed in proportion to the time spent by the employee working on the grant); and (3) the costs adhere to the state limitations noted below.

Limitations:

1. Jury duty costs claimed on the Report of Expenditures and Request for Funds (OCJP 201) must be reduced by any jury duty fees received, excluding travel costs.
2. Paid military leave must not exceed 30 calendar days.

When a grantee is unable to obtain benefits, such as a health insurance plan due to the size of the organization, reimbursement payments to employees for such benefits may be allowed. Reimbursement payments must be disclosed in the grant award, approved in the grantee's written personnel policies and supported by paid invoices submitted by the employees.

When a grant employee is placed on administrative leave (in accordance with the organization's approved written policies), a portion of that employee's salary paid during the administrative leave may be charged to the grant as personal services. The portion of the administrative leave costs that may be charged is based on the percentage of that employee's salary approved in the grant budget.

Salary costs include vacation, sick leave and compensating time off earned and used during the grant period (usually one year). Overtime and shift differentials are also salary costs. All of these costs should be budgeted and claimed as personal services.

With the exception of a separation, OCJP funds may be charged as leave time (vacation, sick, family leave, compensating time off) only when the time is earned and used during the OCJP funding cycle (refer to the Glossary of Terms in Appendix Y for a definition). Balances accrued during the funding cycle, but not used, cannot be claimed on the OCJP 201, unless a separation is involved. The leave costs claimed must be proportional to the amount of time spent by the employee working on the OCJP grant (e.g., if the employee is 50% OCJP funded, OCJP will be charged only 50% of 8 hours of vacation earned, or 4 hours).

As cited above, the only exception for claiming unused leave balances is when an employee separates from employment for retirement or other reasons. OCJP funds then may be used to pay the separating employee that portion of the leave balances earned during the OCJP funding cycle. The portion of the leave balances earned during any non-OCJP funded period must be paid by another source. In addition, OCJP funds should pay only for a proportional amount of the leave balances earned during the OCJP funding cycle, based on the percentage of time the employee worked on the OCJP grant. For example, if the separating employee worked 50% of the time on the OCJP grant, the OCJP grant should pay only 50% of the vacation earned and not used by the employee. If the total hours of vacation earned during the OCJP-funded period and not used were 40, then the total hours that can be claimed against the OCJP grant are 20.

2172 Provisions Regarding Allowable Compensation for Personnel

Salaries and benefits of personnel involved in more than one grant or project must be charged to each grant based on the actual percentage of time spent on each grant or project. The annualized actual percentage charged for a particular position (e.g., Project Director) cannot exceed the annual percentage approved in the OCJP grant award. Similarly, the dollar amount charged for a particular position also must not exceed the dollar amount in the approved grant award. Functional timesheets or an allocation plan must be maintained which support the time charged to OCJP grants (refer to Section 11330 and Appendix C for details). Local units of government may follow their own approved timekeeping policy. At a minimum, negative timekeeping standards must be applied.

Example A: If the OCJP grant award budget allows 100% of salaries and benefits for the project director and during the grant period the organization received grant or project funds from another agency that the project director administers, the actual time spent on each of the projects must be accounted for. Because there is more than one project and funding source, the project director is no longer spending 100% of his/her time on the OCJP project. Even though the OCJP grant established a maximum of 100% for the project director's position, the organization may only charge OCJP the actual time spent

by the project director on the OCJP project. If only 25% of the project director's time is used for the OCJP grant, then only 25% of the dollar amount in the grant award can be claimed.

Example B: The OCJP grant award budgets 20% of salaries and benefits for the program specialist. During the grant period the actual time spent by the program specialist amounts to 50% of actual hours charged. OCJP can only be charged 20% of the salaries and benefits amount listed in the approved grant award for the program specialist. If the program specialist had actually spent only 10% of his/her time on OCJP programs, and 20% was what was actually budgeted, OCJP can only be charged 10% of the salaries and benefits amount for the program specialist. An OCJP 223 (Appendix H) must be submitted for approval of any allocation changes.

2172.1 Administrative Overhead Positions

Grantees may elect to charge administrative overhead positions as a direct charge to personal services, or as part of indirect costs or administrative overhead. The direct method is explained within this section. If the indirect method is chosen, refer to Section 2220.

When personnel costs for administrative overhead positions (such as secretaries, office clerks, bookkeepers, etc.) are charged as a direct expense and it is not feasible or possible to track actual time spent on projects, the salaries and benefits for these positions should be distributed on an equitable basis to the benefiting programs. The distribution base used may be: (1) total direct costs (excluding distorting items such as capital expenditures or subcontracts), (2) direct salaries and wages, (3) a time study or, (4) another base which results in an equitable distribution. For whatever base is selected, a detailed allocation plan (worksheet and supporting documents) must be prepared and maintained to explain and support the method used and the distribution of these administrative costs. The distribution of the costs will be determined by the percentages calculated for the benefiting programs. Refer to Section 2173 for guidance in preparing an allocation plan based on a time study.

The detailed allocation plan discussed above must be maintained for audit purposes. The basis of allocating administrative overhead salaries must be reviewed and adjusted accordingly by the grantee on a periodic basis. An OCJP 223 (Appendix H) must be submitted to notify OCJP of any allocation changes.

2173 Time Study Allocation Plan - Personal Services and Benefits

The project may establish an allocation plan to charge salaries and benefits to OCJP grants based on a time study. Such an allocation plan can be used when a project has employees who work on more than one program or grant. Refer to Section 11330 regarding Payroll Records.

2173.1 Preparing a Time Study Allocation Plan

A time study allocation plan is based on actual hours. If a project is not using functional timesheets, they must conduct a time study to determine the rate of time to be charged to the grant. In a time study, the project devises a timesheet (refer to Appendix C) for employees to record the actual hours spent on activities for each funding source. The time study must cover a representative amount of time (e.g., three months at a minimum) to allow for fluctuation in workload. Percentages of time spent on each program or grant are calculated for each employee. This percentage (allocation rate) must be used to prepare the grant award budget and to claim salaries and benefits on an OCJP 201 (Report of Expenditures and Request for Funds, Appendix D).

The allocation plan, based on the time study, must be approved by the board or governing agency. Such documentation must be retained in accordance with Section 11200.

2173.2 Documenting the Time Study Allocation Plan

The project must maintain the documentation used in establishing the time study allocation plan. This includes the timesheets, calculations of hours and percentages, and the plan approved by the board or governing agency.

2173.3 Revising the Time Study Allocation Plan

The time study allocation plan must be reviewed, at a minimum, every two years to determine whether the percentages are still accurate. This requires performing another time study to gather the hours spent by employees on each program or grant. If the percentages have changed, the project must submit an OCJP 223 (Appendix H) to make any budget revisions.

If the project acquires additional grants or has a reduction in funding sources, the time study allocation plan must be reviewed to determine whether the percentages charged to the grant/funding source need to be revised.

2174 Personnel Changes

Where there are temporary staff shortages and personnel from other positions are used to meet program objectives, the project must submit a budget modification (OCJP 223, Appendix H) and explain the reason for the shifting of personnel, the time period involved, the individuals involved, the salaries paid, and the percentage of time worked. The project also must maintain documentation in the payroll records of the shifting of personnel.

During the life of the grant, the grantee may not add line items to the Personal Services/Benefits category without prior OCJP approval. An OCJP 223 (Appendix H) will be necessary to add line items and to increase or decrease the amount of grant funds budgeted to this category. The items added must be allowable expenses programmatically.

2175 Federal and State Employees

Compensation of federal and state employees (e.g., salary payments, travel and consulting fees) is not allowable unless specifically approved by OCJP in advance (e.g., the grantee is a state agency).

2180 Overtime

Overtime is defined as time worked beyond the normal established work week for all employees except executive, administrative and/or professional staff. Overtime is reimbursable at a higher than normal rate of pay. Overtime shall be limited to unusual demands of the job or to meet extraordinary deadlines.

Overtime must be documented by payroll records that reflect at a minimum:

- a. The name and title of the person performing the overtime and a supervisor's prior approval;
- b. The hours worked and the amount of overtime;
- c. The basis for the overtime and the activities performed during overtime; and

d. The hourly rate of overtime.

2200 OPERATING EXPENSES

2210 General

Allowable operating expenses are defined as necessary expenditures exclusive of personnel salaries, benefits and equipment. Such expenses may include specific items directly charged to the project, and in some cases, an indirect cost allowance. The expenses must be grant-related (i.e., to further the program objectives as defined in the grant award) and be incurred (realized) during the grant period. OCJP reserves the right to make the final determination if an operating expense is allowable and necessary. All charges must be clearly documented and rounded off to the nearest whole dollar. During the life of the grant, new line items may be added to the operating expenses budget category without prior OCJP approval as long as the total amount budgeted in the category remains the same and the new line item is grant related and allowed programmatically.

Individual line items within the operating expense category may vary from budgeted amounts. A budget modification (Grant Award Modification, OCJP 223) must be submitted to increase/decrease the most recently approved budget category amount. Refer to Section 7530 for budget modification procedures.

2220 Indirect Cost Rate Proposal (ICRP)/Administrative Overhead

2221 Description

Indirect costs are shared costs that cannot be directly assigned to a particular activity, but are necessary to the operation of the organization and the performance of the project. The costs of operating and maintaining facilities, accounting services and administrative salaries are examples of indirect costs.

Such costs can be charged to a grant through the use of an Indirect Cost Rate Proposal (ICRP), a formal allocation method. The ICRP will establish an indirect cost rate (ICR) that may be used for claiming shared costs (Refer to Section 2172.1 for an example of how administrative costs can be claimed on a direct basis.).

Grantees using this indirect method should obtain the following federal publications that are pertinent to their type of organization: (1) Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State and Local Governments" or OMB Circular A-122, "Cost Principles for Nonprofit Organizations," and (2) OASMB-5 (Rev), "A Guide for Non-Profit Institutions, Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contracts with the Department of Health, Education, and Welfare" or OASC-10, "A Guide for State and Local Government Agencies, Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government." These publications will explain how indirect costs may be handled.

The publications discussed above are available from:

OMB Circulars A-87
and A-122

Office of Administration
Publications Unit, Room G 236
New Executive Office Building
Washington, D.C. 20503

2222 Approval

Grantees receiving OCJP funds must prepare an ICRP to support indirect costs, but are not required to obtain formal approval for the proposal. The indirect costs claimed by either type of grantee must not exceed the rates outlined in Section 2225.

2223 Victims of Crime Act (VOCA) Federal Funds

Consult the applicable Program Guidelines or RFP/RFA for information regarding allowable and non-allowable expenses under federal VOCA guidelines.

2224 Violence Against Women Act (VAWA) Federal Funds

VAWA grantees are allowed to charge indirect costs in their budget up to the amount identified in Section 2225. However, the grantee must either identify the categories (e.g. accounting, payroll, etc.) related to their ICRP or submit an ICRP which identifies the categories charged to the budget. This must be submitted with their grant award application or grant award modification (OCJP 223). VAWA will not allow a flat indirect cost percentage to be charged to the budget without identifying the category used in the ICRP.

2225 Rates

Projects may charge indirect costs as follows:

- a. An amount, not to exceed 10% of actual personnel salary costs, excluding benefits and overtime;
or
- b. An amount, not to exceed 5% of the actual total direct project costs, excluding equipment.

Indirect cost rates which exceed these percentages must receive prior OCJP approval and will not normally be approved unless otherwise required by statute.

2226 Records

Projects must have on file the Indirect Cost Rate Proposal (ICRP) which demonstrates how the rate was established and any necessary approval. The ICRP must clearly indicate that line items charged to a direct cost category (e.g. "postage") are not included in the indirect cost category. All costs included in the plan must be supported by accounting records (e.g., invoices, purchase orders, and canceled checks or other records supporting payments) which show the actual expense.

Projects must maintain a list of the expenses covered by the rate.

2230 Allowable Expense Items

A project may include the following expenses under the operating expenses category:

- Answering service fees;
- Bank service charges and check printing fees;
- Computer with an acquisition cost of \$999 or less;
- Computer equipment rentals;
- Confidential expenditures (e.g., asset forfeiture and sting operations);
- Conferences, seminars, workshops, and training;
- Consultant services; and
- Equipment service and maintenance agreements (including those for computers);
- Film or video tape (film or video tape with a acquisition cost of more than \$1,000 per unit and a useful life of more than one year must be charged in the equipment category);
- Financial audit allowances;
- Furniture and office equipment with an acquisition cost of \$999 or less per unit;
- Insurance, e.g., vehicle, fire, bonding, theft, and liability (to include malpractice and board liability);
- Internet access;
- Janitorial services;
- Moving expenses;
- Office supplies;
- Office space;
- Postage;
- Printing;
- Rental or lease of equipment;
- Research forms;
- Software (if not part of a computer package);
- Storage space for evidence;
- Subscriptions;
- Telephone (telephones with an acquisition cost of more than \$1,000 per unit and a useful life of more than one year must be charged in the equipment category);
- Training materials;
- Travel and per diem.
- Utilities;
- Vehicle maintenance;
- Witness protection fees;

If an item is not listed, consult your Program Guidelines, RFP/RFA, or contact your Program Specialist to determine if the expense is allowable.

2230.1 Provisions Regarding Allowable Operating Expenses

Operating expenses, which cannot be directly charged to a specific project or funding source, such as expenses related to a copier, utilities or janitorial service, must be prorated on the basis of percentage of usage, funding or other reasonable job-costing basis. An allocation plan must be prepared to determine how such operating expenses should be allocated. Schedules of the methods used to allocate such operating expense must be maintained for audit purposes.

The basis of allocating operating expenses must be reviewed and adjusted accordingly by the grantee on a periodic basis.

Payments made for certain types of expenses which apply to long periods of time also become allocated expenses. For example, the grantee pays for an insurance policy with a term of one year (November 1, 1995 to October 31, 1996), and the grant period (July 1995 to June 1996) includes four months of this one-year period. The grantee then may allocate one third (four months) of the insurance costs to the grant.

2231 Confidential Expenditures

Confidential expenditures are only allowable for grants to state and local law enforcement agencies that use grant personnel working in an undercover capacity, unless otherwise specifically authorized in the Program Guidelines or RFP.

2231.1 Requests for Approval

Confidential expenditures must be approved using an OCJP 223 (Appendix H) if not previously authorized in the approved grant award prior to any expenditures. The criteria for confidential expenditures are in the applicable Program Guidelines or RFP. (See Appendix N for Sample Certification form.)

2232 Facility Rental

Office space, charged to the grant, cannot exceed 125 square feet per full-time employee, including, but not limited to, space for files, conference, mail, supplies and reproduction. Space for part-time employees must be prorated. Exceptions must be approved by OCJP and requires appropriate justification.

Up to \$18 per square foot annually (\$1.50 per square foot per month) is allowed for facility rental. If the rental cost for office space exceeds these rates, it must be consistent with the prevailing rate in the local area. This documentation must be on file and available for audit.

2232.1 Rental Space for Training, Shelter, Counseling Rooms, and other required space

Rental space for training and individual and/or group counseling rooms may also be charged to the grant if authorized in the Program Guidelines or RFP/RFA, and providing the rental space charged is based on actual costs to the grantee and not reimbursed by any other source.

If other required space, such as a storage or evidence room, is allowed in the Program Guidelines or RFP/RFA, the grantee must provide justification for charging the costs to the grant. Such justification must address the cost and need for the space, how it relates to the project's objectives, and why the agency cannot provide the space at no cost to the grant.

2232.2 Moving Expenses

Projects may budget for moving expenses as long as such expenses are reasonable and related to the accomplishment of grant objectives. For example, a project may claim moving expenses if the project site is being relocated to another site and it is necessary to relocate OCJP funded supplies, office equipment, etc. to the new site. Moving expenses may not be charged to the grant for transporting

personal belongings of staff nor may staff relocation expenses be charged to the grant for costs associated with the project move. Further, projects may not use OCJP grant funds to pay for relocation expenses associated with the hiring of new staff.

If the project is one of many components of a larger organization, the project may only charge off the prorated share of expenses proportionate to the OCJP funded project's percentage of the organization's total overall budget.

2233 Rented or Leased Equipment

An explanation and cost analysis must be submitted if equipment is to be rented or leased. This analysis must demonstrate that it is more cost effective to rent or lease the equipment than it is to purchase it. (See Appendix CC, Lease/Purchase Analysis.)

The project must receive approval from OCJP prior to the execution of any rental or lease agreement. If the request is made after the grant is awarded, attach the analysis to a completed OCJP 223 (Appendix H).

2234 Audit Costs

Grant-funded projects may budget audit costs up to certain amounts. Refer to Sections 8150 through 8154 for specifics.

2235 Emergency Funds

Victim service projects may budget up to five percent of the total project cost for victim-related emergencies in accordance with criteria specified in the Program Guidelines.

2235.1 "Emergency" Defined

"Emergency" is defined as any immediate financial intervention in response to a victim's basic needs such as temporary emergency shelter, food, transportation, clothing and medical care, including prescription medicine, eyeglasses or dentures.

2235.2 Accountability Procedures

Because of the nature of the fund, it should be accessible. It is also necessary, however, that safeguards and accountability of the fund be maintained. For effective management and audit purposes, the following procedures must be followed:

- a. The emergency fund and the regular grant allocation must be kept separate, each with its own account within the general ledger;
- b. Vouchers, receipts, canceled checks and/or bank statements (if canceled checks are not returned from the bank) must be maintained for audit purposes;
- c. Authority to make payments from the emergency fund rests with the chief executive of the agency. Authority to draw on the emergency fund may be delegated by the chief executive. Each check requires a counter signature. OCJP must be notified in writing within 14 calendar days of any changes in staff authorized to draw on the funds;

- d. If an imprest cash fund is used, the name, address and signature of the recipient must be maintained, as well as the date, amount and reason for the request;
- e. Grant funds must not be commingled with other emergency monies;
- f. As checks are drawn against the fund, a copy of the checks must be sent to the person in charge of the project's accounting;
- g. This fund must be used only in the absence of another community resource, and only in the case of an emergency. (See definition of "Emergency", Section 2235.1.);
- h. Verification of the crime, if applicable, should be made with local law enforcement by obtaining and filing the crime report or verification slip;
- i. Payments must be limited to payment for goods or services. A credit system, in lieu of cash payment, should be explored with local merchants. The project must set a limit on the amount of cash allotments that can be made to a victim; and
- j. Records must reflect whether the emergency money is considered a loan, and whether full or partial repayment is expected, or whether the money is a gift. Any repayments must be considered project income and must be used to reimburse the emergency fund.

If emergency funds are budgeted after approval of the initial grant award, projects must complete and submit the Emergency Fund Procedures form (Appendix Q) attached to an OCJP 223 (Appendix H).

2236 Travel and Per Diem

2236.1 General

Travel is usually warranted when personal contact by the employee is the most appropriate method of conducting project-related business.

The most economical method of transportation, in terms of direct expenses to the project and the employee's time away from the project, must be used.

Projects are required to include sufficient per diem and travel allocations for project-related personnel, as outlined in the grant award, to attend the mandated OCJP training conferences or workshops outlined in the Program Guidelines.

If the project uses a car from a state, county, city car pool or garage, the actual mileage cost, up to the state approved rate, may be charged to the grant.

2236.11 Out-of-State Travel

Out-of-state travel is restricted and only allowed in exceptional situations. Grantees must receive OCJP approval prior to incurring expenses for out-of-state travel. To request approval for out-of-state travel after the grant is awarded, complete an OCJP 700 (Appendix S) and attach to a completed OCJP 223 (Appendix H).

2236.2 Travel and Per Diem Policies

All OCJP projects must follow the applicable policy listed below.

2236.21 Units of Government

Units of government must follow either their own written travel and per diem policy or the state's

policy. (See Appendix J for current State Travel Policy.)

Units of government that plan to use cars from a state, county, city, district car pool, or garage may budget either the mileage rate established by the car pool or garage, or the state mileage rate, not to exceed the loaning agency rate.

2236.22 Private-Nonprofit Organizations

A private nonprofit organization receiving OCJP funds should use the state travel and per diem policy. The grantee's written travel policy may be used only if the grantee's travel policy is more restrictive than the state's.

2236.3 Allowable Costs for Travel

Actual reasonable costs of commercial carrier fares, parking, bridge and road tolls, as well as necessary taxi, bus and streetcar fares will be directly reimbursed.

2236.31 Private Vehicles

Reimbursement is allowed for the cost of project-related personnel operating privately owned vehicles on project-related business if authorized by the project director or designee.

2236.32 Commercial Automobile Rental

The actual reasonable cost of commercial automobile rental is allowed when appropriate under the terms of the grant award. Premium rental rates or extra charges for luxury items are not allowable costs.

Reimbursement will not be made for a damage waiver.

2236.33 Business Expenses

Business expenses for employees on travel status consisting of charges for business phone calls and other appropriate charges necessary to the completion of official business are reimbursable.

2236.4 Travel Claims

Documentation of travel indicating times of departure and return, destinations, and costs, must be maintained to support subsistence allowance (per diem) claims. Mileage logs and receipt vouchers for commercial transportation fares and other expenses must support claims for reimbursable expenses.

2237 Consultant Services

2237.1 Independent Contractors

Consultant services are either provided on a contractual or salary basis by individuals or organizations that are not employees of the project. (If service is provided by a salaried employee of a non-applicant, see Section 2237.4) Independent contractors must not be used in lieu of employees. If the contract is \$2,500 or over, the project must hire the independent contractor through competitive bid or submit a

sole source request to OCJP for prior approval. If less than \$2,500, the project must maintain documentation for justification of the sole source contract. (See Sole Source Request, Section 4500.)

Independent contractors are defined as individuals or organizations that meet any of the following criteria:

- a. Produce a specific product or service;
- b. Work independently without direct supervision from the project;
- c. Work on specific projects;
- d. Provide services for a limited number of hours or period of time; and/or
- e. Have no agency management or oversight responsibilities that are directed toward the financial success or direction of the agency.

There must be a signed, written agreement between the organization and independent contractor specifying the contract period, compensation rate, duties or obligations, and any other conditions of employment.

2237.2 Rates

The rate is to be negotiated by the grantee in accordance with the agency's consultant hiring policies. The rate is the total amount payable including any and all benefits. Refer to Section 4200 regarding approvals and authorities.

The maximum rate for independent contractors is \$450 (excluding travel and subsistence costs) for an eight hour day. An eight hour day may include preparation, evaluation and travel time in addition to the time required for actual performance. A request for compensation for over \$450 a day must have **PRIOR APPROVAL** from OCJP and additional justification.

2237.21 Exception

Compensation for independent contractors employed by State and Local Governments will be allowed when the unit of government will not provide their services without costs. In these cases, the rate of compensation is not to exceed the daily salary rate paid by the unit of government.

Such hires must meet the criteria set forth in Section 4500, Sole Source Requests.

2237.3 Expert Witness Fees

Prosecution or criminal defense projects, which routinely use "expert witnesses" as independent contractors to conduct evaluations and provide expert testimony in the courtroom, may only charge for costs above that which the county is required to cover. The maximum allowable rate for such witness fees is \$250 per hour, and is not to exceed \$2,000 per day. The total amount budgeted for expert witness fees must not exceed ten percent of the project's total budget. Written justification for proposed expert witness cost must accompany an OCJP 223 (Appendix H) if not previously approved in the grant award. The justification must include the following:

- a. Qualifications, training and experience of the expert(s), including a statement regarding recognition by the court of the individual as an expert;
- b. Specialized certification/license (e.g. Masters in Social Work (MSW), Licensed Clinical Social Worker (LCSW), Marriage, Family and Child Counselor (MFCC), Medical Doctor (MD);
- c. Rate of pay per hour, including documentation of a survey of the availability of similar consultants, the current "going rate" and the proposed rate of pay, as well as a cost breakdown if the expert is paid according to services (e.g., mileage, waiting time, court testimony);
- d. Proposed services to be provided (e.g., analysis of forensic evidence, psychological evaluation); and
- e. Reason why this cost cannot be paid with county or other funds.

2237.4 Salaried Employees of Non-Applicants

Personnel services provided by staff who are not independent contractors or direct employees of the applicant are considered an operating expense. All the allowable and non-allowable costs for these salaried employees are the same as those of employees of the applicant. (See Section 2170 for additional requirements.)

2237.5 Retainer Fees

Retainer fees are not allowable costs. Payments for service must be based on actual hours worked.

2237.6 Management Services/Studies

The project must receive prior written approval from OCJP (OCJP 223, Appendix H) for any management study to be performed by an independent contractor or agency if project funds are to be used.

2240 Prohibited Expense Items

2240.1 Bonuses/Commissions

Projects are prohibited from paying any bonus or commission to any individual, organization or firm.

2240.2 Lobbying

OCJP federal and state grant funds, grant property, or grant funded positions shall not be expended or used for any of the following lobbying activities.

a. Prohibited Activities

1. Attempts to influence the outcome of any federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;
2. Establishing, administering, contributing to, or paying the expenses of a political party,

campaign, political action committee, or other organization established for the purpose of influencing the outcome of elections;

3. Attempts to influence: (1) the introduction of federal or state legislation; or (2) the enactment or modification of any pending federal or state legislation through communication with any member or employee of the Congress or state Legislature (including efforts to influence state or local officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enrolled legislation;
4. Attempts to influence: (1) the introduction of federal or state legislation; or (2) the enactment or modification of any pending federal or state legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or
5. Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

b. Activities Exempt from the Prohibition

1. Providing a technical and factual presentation of information on a topic directly related to the performance of a grant, contract or other agreement through hearing testimony, statements or letters to the Congress or a state Legislature, or subdivision, member, or cognizant staff member thereof, in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, Legislative body or subdivision, or a cognizant staff member thereof; provided such information is readily obtainable and may be readily put in deliverable form; and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional or state Legislative hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing.
2. Any lobbying made unallowable by Item a.3 above to influence state legislation in order to directly reduce the cost or to avoid material impairment of the organization's authority to perform the grant, contract, or other agreement.
3. Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.
4. Testimony before legislative bodies reviewing the effectiveness of grant programs.
5. Introduction and support in the state Legislature of general statutory reform, such as criminal code revisions, court reform, etc.

2240.3 Fundraising

OCJP grant funds cannot be used for organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, or similar expenses incurred solely to raise capital or obtain contributions, unless fundraising for the furtherance of grant objectives is specifically allowed under the program guidelines.

2240.4 Real Property and Improvements

Real property, including land, land improvements, structures and their attachments, and structural improvements and alterations are not allowable expenditures unless specifically authorized in the Program Guidelines or RFP.

2240.5 Interest

The cost of interest payments is not an allowable expenditure, unless the cost is a result of a lease/purchase agreement.

2240.6 Food and Beverages

The cost of food and/or beverages at grant-sponsored conferences, meetings, or office functions are not allowable expenditures.

2240.7 Weapons and Ammunition

The cost of weapons and/or ammunition of any type are not allowable expenditures, unless it is part of a governmental negotiated benefit package, or is specifically authorized in the Program Guidelines or RFP.

2240.8 Membership Dues

The cost of membership dues for projects involved in the licensing or credentialing of professional personnel are not allowable expenditures, unless specifically authorized in the Program Guidelines or RFP.

2240.9 Professional License

The cost of a professional license is not an allowable expenditure, unless specifically authorized in the Program Guidelines or RFP.

2240.10 Annual Professional Dues or Fees

The cost of professional dues or fees is not an allowable expenditure, unless it is part of a governmental benefit package, or is specifically authorized by the Program Guidelines or RFP.

2240.11 Charges, Fees, and Penalties

Finance charges, late payment fees, penalties, and returned check charges are not allowable expenditures.

2240.12 Depreciation

Depreciation charges are not allowable expenditures.

2300 **EQUIPMENT**

2310 Definition

Equipment is nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$1,000 or more per unit (including tax and installation). If equipment is purchased as a complete package (i.e. computer, monitor, modem, software, etc.), the total package cost, not the unit cost, would determine if it qualifies under the equipment category.

2320 Allowable Equipment

Equipment which is directly related to and used for project activities, will only be considered for purchase approval if no other equipment owned by the applicant is available and suitable for the project.

Grant funds cannot be used for equipment if specifically prohibited in the authorizing legislation or restricted in the Program Guidelines or RFP.

Grant funds cannot be used to reimburse the project for equipment obtained prior to the execution of a Grant Award Agreement.

Equipment which is initially budgeted in the grant award should be ordered within the first four months so that it can be placed in service during the grant period.

2330 Motorized Vehicles

The purchase of aircraft, watercraft and other motorized vehicles (except automobiles) are not allowable budget items unless specifically authorized in the Program Guidelines or RFP (see Automobiles, Section 2331).

2331 Automobiles

If automobiles are allowable pursuant to the Program Guidelines, projects must provide substantial justification demonstrating the grant-related need. The justification must be submitted attached to an OCJP 223 (Appendix H) if not previously authorized in the approved grant award and include the following information:

- a. Describe the need for a vehicle, including the size of the service area and the need to provide direct service away from the office;
- b. Describe the lack of available agency vehicles;
- c. Describe the lack of available personal vehicles for which mileage can be charged or a reason why the agency will not allow personal vehicle usage during working hours; and
- d. Include a cost analysis for the vehicle purchase as compared to other options, including lease and personal vehicle use with mileage.

2340 Computers and Automated Equipment

2341 Justification

The purchase of computers and automated equipment necessary to achieve grant objectives may be requested unless prohibited in the Program Guidelines or RFP. Approval for purchases is contingent on the project's ability to demonstrate cost effective, project-related need. This is best demonstrated by clearly relating each computer system or component to the grant objectives and activities. The amount of information necessary will be determined by the complexity of the proposed system (see Sections 2342.2 and 2342.3).

If not previously authorized in the approved grant award, justification for the purchase of computer equipment must be submitted on an OCJP 223 (Appendix E and H) and receive OCJP approval prior to purchase (refer to Section 3000).

2342 Cost

The cost of a computer system must include all the expenses required to purchase, install and operate the system. These include, but are not limited to hardware, software, maintenance, upgrade, training, conversion, technical assistance, consultants, programmers, analysts, furniture, supplies, modems, telephone lines, and connect time to mainframe or data centers. All these items must be shown in the budget pages of the proposal and must be clearly identified as computer-related items. These items must be described in sufficient detail to allow OCJP to assess their size and complexity.

Reasonable costs for Internet software, modems, and connection fees will be approved for all projects that do not already have Internet access, unless such expenditures are prohibited by the terms of the program.

2342.1 Nonprofit Organizations

Applicants from nonprofit organizations may budget up to \$25,000 in computer equipment, software, and related costs. OCJP will evaluate the proposed purchase on the basis of grant-related need. Applicants must receive OCJP approval prior to purchase.

If the implementing agency is a nonprofit organization sponsored by a unit of government, OCJP's policy for nonprofit organizations will apply to computer equipment, software and related costs incurred by the purchase and the related operational expense dictated by the purchase.

2342.2 Units of Government

Applicants from units of government may budget for computer equipment, software and related costs. OCJP will evaluate the proposed purchase on the basis of grant related need. Applicants must receive OCJP approval prior to purchase.

Units of government establishing or enhancing criminal intelligence systems utilizing federal funds are also subject to 28 CFR Part 23 of the Code of Federal Regulations. Consult the specific program guidelines or RFP for information regarding additional requirements and approvals.

2342.3 Instructions - Computers and Automated Systems

By submitting a written justification (see Appendix E) along with the signed Grant Proposal Face Sheet or attached to a Grant Award Modification (OCJP 223), the project director certifies that all resources (e.g., hardware, software, personnel and telecommunications) to be utilized by this project are in compliance with all applicable standards, policies and procedures for automated systems as contained in the agency's local policies and operating procedures, the grant award agreement and this handbook.

2343 Lease to Purchase Agreement

If a lease to purchase is requested, a justification and cost analysis must be submitted to demonstrate that it is more cost effective to lease rather than purchase (see appendix CC, Lease/Purchase Analysis).

If not previously authorized in the approved grant award, the justification and cost analysis (see Appendix CC) must be submitted with an OCJP 223 (Appendix H), and the project must receive OCJP approval prior to the signing of the lease/purchase agreement. The justification must include documentation of cost effectiveness.

2350 Identification and Records

Projects must maintain a readily identifiable inventory of all equipment purchased wholly, or in part, with OCJP grant funds. The equipment must be marked with OCJP property stickers provided with the grant award agreement or modification. Additional stickers may be obtained from the OCJP Grants Control Unit or your program specialist. Property stickers must be affixed to equipment in plain view without obscuring the manufacturers' identifying information, make, or model numbers.

Exceptions to this requirement may include where use of the equipment may impact personnel safety or the usability of the equipment prevents affixing the sticker. Projects unable to affix equipment tags should maintain a log of equipment purchased along with equipment tag numbers assigned to individual equipment items. Equipment with assigned equipment tag numbers (affixed or not) must be available for review by program specialists and other OCJP staff during site and monitoring visits.

2360 Title

All equipment purchased wholly, or in part, with OCJP grant funds is the property of OCJP. The project is responsible for maintaining all grant equipment in its possession. Equipment purchased in part or in whole with OCJP grant funds cannot be disposed of, traded, or sold without prior written OCJP approval.

2370 Losses/Replacements

Projects must safeguard equipment purchased with grant funds and are responsible for any losses. Lost, stolen, or destroyed property must be reported to OCJP in writing within 14 calendar days of the date of the loss. The report must include appropriate police reports, insurance claims and a letter signed by the project director explaining the circumstances involved and the precautions taken to prevent such loss. The report must also detail how the property will be replaced, timeframe for replacement, and the impact on grant objectives without the use of the equipment. Actual losses which could have been covered by allowable insurance are not allowable unless specifically authorized by OCJP.

Damaged equipment that will not be repaired must be reported to OCJP on an OCJP 223 (Appendix H)

with a justification that explains how grant objectives will be achieved without the equipment.

Projects must obtain prior written approval from OCJP on an OCJP 223 (Appendix H) before replacing, trading or otherwise disposing of grant equipment.

2380 Transfer of Title

At the conclusion of each grant award period, transfer of title to the project may be approved by OCJP upon certification that the property will be used for criminal justice related activities or to further the original intent of the grant award. In determining whether or not to approve transfer, OCJP will consider programmatic and fiscal performance conditions, whether or not the project is part of a multi-phase program, the purpose and type of equipment and other relevant criteria. (See Appendix B for Equipment Certification.) The certification form should be attached to the final Progress Report. Disposition of such property will be determined by OCJP.

3000 PROCUREMENTS

3100 DEFINITION

Procurement refers to the contracting for and purchasing of **goods** necessary to carry out the project objectives. OCJP procurement standards apply to all contracts for **goods**, including office supplies, equipment, and printing costs paid for in whole or in part by grant funds.

The project is the responsible entity, without recourse to OCJP, regarding the settlement and satisfaction of all contractual and administrative issues arising from grant award procurements. This responsibility includes, but is not limited to disputes, claims, and protests of award.

Matters concerning violation of law must be referred to the local, state, or federal authority having jurisdiction.

3200 APPROVALS (OR APPRAISALS) AND AUTHORITIES

All purchases must be allowable expenditures, as outlined in this Handbook and, when required, have prior written approval from OCJP.

If the purchase of computers or automated equipment was not approved in the grant award, see Section 2341.

3300 GUIDELINES

Local units of government may use their own approved procurement policy (except computer equipment over \$50,000). Nonprofit organizations and organizations without a written procurement policy must follow the policies outlined in Section 3400, Methods of Procurement.

3400 METHODS OF PROCUREMENT

Procurement for all OCJP grants must be made by one of the methods described below.

3410 Formal Advertising

This refers to a procurement process for purchases over \$2,500 in which a bidder is selected based on material submitted in a response to an Invitation for Bid (IFB) or Request-for-Proposal (RFP) only. IFBs/RFPs must clearly define all requirements the bidder must fulfill for the bid or offer to be evaluated by the project. Bidders are not allowed to discuss or clarify any points after their bids have been submitted. A firm, fixed-price contract results, with no face-to-face negotiation.

3411 Invitation for Bid

An IFB is used to solicit prices for goods based on definitive specifications. It must include a clear and accurate description of the technical requirements for the material or product to be procured. The description must not contain features which unduly restrict competition.

"Brand name or equal" descriptions may be used as a means to define the performance requirements of a procurement. However, the specific performance features of the name brand must also be clearly specified.

The basic objective for establishing specifications for technical details for use in formal advertising is to convey to all bidders a complete, unvarying understanding of what is required. This calls for a description not subject to varying interpretations.

3412 Request-for-Proposal

An RFP does not provide a detailed description of what is to be provided. It is designed to solicit a proposal to solve a stated problem or meet a stated need. The proposal is the product of the bidder's creative thoughts and provides the detailed approach and description of what is to be produced, as well as a price for the goods to be provided.

3413 Procurement Awards

Procurement awards must be made to the responsible vendor whose bid or offer is responsive to the solicitation and is most advantageous to the project (price and other factors considered). Factors such as discounts and transportation costs are among those which may be considered in determining the lowest bid.

Any or all bids or offers may be rejected when it is in the project's best interest to do so, and such rejections are also in accordance with applicable federal, state, and local laws or ordinances, rules, regulations and policies.

3420 Informal Advertising

Procurements of \$2,500 or less do not require formal advertising. However, informal competition is still required for purchases between \$100 and \$2,500.

Informal competition may include oral solicitation for price quotations except in these cases:

- a. Special specifications are involved;
- b. A large number of items are included in one purchase; or
- c. Oral quotations are not considered to be economical.

Documentation showing the vendors contacted, including the vendors name, address, telephone number, who provided the quote, the date contacted, and the prices quoted, must be maintained in the project's files for audit purposes. A minimum of three (3) vendors should be contacted.

3500 SOLE SOURCE REQUESTS

3510 General

A "sole source" transaction shall be defined as a procurement for goods where only a single business enterprise is afforded the opportunity to offer a price for the specified goods.

Sole source is allowable only under the following conditions:

- a. When goods required are available from only one vendor; or
- b. When an IFB or RFP produces only one qualified bidder.

The project must maintain documentation for justification of sole source contracts under \$2,500. The documentation must include the information outlined in Section 3520 and support the above conditions.

3520 Justification Procedure

All sole source purchases over \$2,500 for a specific brand of equipment must be justified and have prior written approval from OCJP. The justification must be accompanied by a draft copy of the purchase order or contract and an OCJP 223 (Appendix H).

Justification must include a description of the product to be purchased, the need for the specific brand and its relationship to the project. This information must include the grant award number, the cost or purchase amount and pertinent background data. It should explain the necessity of the purchase and how the price for the product was determined. See Appendix T for the checklist used by OCJP to determine the appropriateness of a sole source purchase.

3530 One Bid Received or Considered Responsive

In a situation where sole source is necessary because only one bid or proposal has been received or considered responsive, the following additional information is required:

- a. A copy of the IFB or RFP and the bidder's list;
- b. A description of the method used to solicit responses. Copies of newspaper ads and information outlining the development of the bidder's list must be included;
- c. A description of the follow-up activity performed to determine why other contractors did not submit a bid; and
- d. An explanation as to why it was not put out to bid again.

3600 ELEMENTS OF A PURCHASE ORDER/DOCUMENT

A purchase order/document defines the agreement between the project and the vendor. All purchase orders/documents must be prepared in accordance with existing agency policies and clearly define the responsibilities of all parties.

At a minimum, the purchase document must include the following:

- a. Designation of the parties to the agreement;
- b. Term of the agreement;
- c. Maximum amount and basis upon which the payment is to be made under the terms of the agreement;
- d. Clear definition of the types and quantities of the products to be delivered including delivery schedules; and
- e. Payment schedule based upon satisfactory delivery of goods at predetermined intervals including the amount or percentage of total payments to be withheld pending satisfactory completion of all terms and conditions of the agreement.

4000 CONTRACTS

4100 DEFINITION

Contracts refer to the purchasing of **services** necessary to carry out the project objectives. OCJP contract standards apply to all contracts for services, including independent CPA audits, maintenance agreements, accounting services, and consultants.

The project is the responsible entity, without recourse to OCJP, regarding the settlement and satisfaction of all contractual and administrative issues arising from contracts of the grantee. This responsibility includes, but is not limited to, disputes, claims, and protests of the contract. Matters concerning violation of law must be referred to the local, state, or federal authority having jurisdiction.

4200 APPROVALS AND AUTHORITIES

4210 Contracts \$2,500 and over

Contracts \$2,500 and over must meet the minimum standards set forth in Section 4410, Formal Advertising.

4220 Contracts less than \$2,500

Contracts less than \$2,500 must meet the minimum standards set forth in Section 4430, Informal Advertising.

4230 Contracts Over \$10,000

Contracts in excess of \$10,000 administered by private nonprofit organizations, and all contracts in excess of \$50,000, require OCJP prior approval. Requests for approval must include:

- a. Invitation for Bid (IFB) or Request-for-Proposal (RFP) and a bidder's conference, if applicable;
- b. Negotiated bids or waiver of competitive bidding;
- c. One copy of each bidder's written proposal;
- d. Individual rating sheets of each rater and a recap sheet reflecting total scores for each bidder; and
- e. Draft contract between the project and the contractor.

4300 GUIDELINES

Local units of government may use their own approved contracting policy for contracts under \$50,000 (contracts over \$50,000 must include the items listed in Section 4230). Nonprofit organizations and organizations without a written contracting policy must follow the requirements outlined in Section 4400, Methods of Contracting.

4400 METHODS OF CONTRACTING

4410 Formal Advertising

This refers to a process in which a contractor is selected based on material submitted in a response to an Invitation for Bid (IFB) or Request for Proposal (RFP) only. IFBs/RFPs must clearly define all

requirements the bidder must fulfill for the bid or offer to be evaluated by the project. Bidders are not allowed to discuss or clarify any points after their bids have been submitted.

4411 Invitation for Bid

An IFB is used to solicit prices for services based on definitive specifications. It should state this: "Here is exactly what we want, how much will you charge us?". It must include a clear and accurate description of the technical requirements for the services to be produced. The description must not contain features which restrict competition.

The basic reason for establishing specifications for technical details for use in formal advertising is to convey to all bidders a complete, unvarying understanding of what is required. This calls for a clear and precise description not subject to varying interpretations.

4412 Request-for-Proposal(s)

If a proposal does not provide a detailed description of what is to be provided, it should state this: "Here is what we wish to accomplish - how would you accomplish it for us and for how much?" It is designed to solicit a proposal to solve a stated problem or meet a stated need. The proposal is the product of the bidder's creative thoughts and provides the detailed approach and description of what is to be accomplished, as well as a price for services to be provided.

Proposals should include:

- a. A clear statement of the problem to be solved;
- b. Realistic terms as to what the contractor is to accomplish;
- c. Time schedules, including dates for awarding the contract, commencement of performance, submission of progress reports, and completion;
- d. Payment plans and schedule, as appropriate; and
- e. A requirement that the bidder include in the proposal:
 - 1) Description of qualifications, description of lead personnel, amount of time and personnel to be expended, and equipment and facilities to be utilized;
 - 2) Description of techniques to be used in solving the stated problem or meeting the stated need; and
 - 3) Total cost of the contract.

4420 Awarding Contracts

Contracts must be awarded to the responsible contractor whose bid or offer is responsive to the solicitation and is most advantageous to the project. In addition, consideration should be given to such matters as contractor integrity, record of past performance, financial and technical resources and/or accessibility to the necessary resources. A bidder is considered responsible when it has been established that the bidder has the technical capability, financial capacity, sufficient staff, a satisfactory record of past performance, and is otherwise qualified and eligible.

Any or all bids or offers may be rejected when it is in the project's best interest to do so and such rejections are also in accordance with applicable federal, state, and local laws or ordinances, rules, regulations, and policies.

4430 Informal Advertising

4431 Contracts of \$2,500 or less do not require formal advertising. However, informal competition is still required.

4432 Informal solicitations for fee quotes are generally obtained orally except when oral quotations are not considered to be economical.

4433 Documentation showing the service providers contacted, including the provider's name, address, telephone number, who provided the quote, the date contacted, and the fee quoted must be maintained in the project's files for audit purposes. A minimum of three (3) service providers should be contacted.

4500 SOLE/SINGLE SOURCE REQUESTS

4510 General

A "sole/single source" transaction shall be defined as a contract for services, where only a single business enterprise is afforded the opportunity to offer a price for the specified services. (Contracts sometimes include goods as well as services, and this definition will apply to those circumstances also.)

Sole/single source is allowed only under the following conditions:

- a. When services required are available from only one contractor;
- b. When an IFB or RFP produces only one qualified bidder (see Section 4530, One Bidder Received or Considered Responsive);
- c. Emergency in nature (the contract is necessary for immediate preservation of public health, welfare or safety);
- d. The contractor meets a temporary or time limited employment need;
- e. No payment is made for services rendered, only per diem and travel is paid;
- f. The contract is solely for the purpose of obtaining expert witnesses for criminal trials;
- g. There is a maintenance agreement for equipment that is under documented warranty or where there is only one authorized or qualified representative or where there is only one distributor in the area for service;
- h. Proprietary software contracts;
- i. The contractor possesses unique features or is uniquely positioned to supply the required service;
- j. Provide interim services while conducting competitive bid.

The project must maintain documentation for justification of sole/single source contracts under \$2,500, including professional service and consulting contracts.

The documentation must include the information outlined in Section 4520 and be maintained on file at the project's office. Prior OCJP approval is required for sole/single source contracts \$2,500 and over.

4520 Justification Procedure

All sole/single source contracts \$2,500 and over, must have prior written approval from OCJP. A justification statement must be presented in the format provided below. See Appendix T for the checklist used by OCJP to determine the appropriateness of a sole/single source contract.

- 4521 Include a brief description of the program or project and the services being contracted. This information must include the grant award number, contract amount, and pertinent background data.
- 4522 Explain the necessity to contract noncompetitively and how the price for the contract was determined, including:
- a. Expertise of contractor;
 - b. Management capabilities to perform the tasks required;
 - c. Contractor's responsiveness to need identified by the project;
 - d. Contractor's relevant knowledge and experience; and
 - e. Justification of the reasonableness of the cost. The following factors will be used in determining that the costs are justified:
 - 1) Cost information that is in sufficient detail to support and justify the contract;
 - 2) Cost information for similar services with differences noted and explained; and
 - 3) Special factors affecting the cost of the contract.
- 4523 Explain the uniqueness of the contract, including:
- a. Patents, copyrights;
 - b. Facilities, investments; or
 - c. Continuation of an existing project.
- 4524 Explain any time constraints including:
- a. When contractual coverage is required and why;
 - b. Impact on project if dates are not met; and/or
 - c. Time required for another contractor to reach the same level of competence. Equate to dollars, if possible.
- 4530 One Bid Received or Considered Responsive
- In a situation where sole source is necessary because only one bid or proposal was received or considered responsive, the following additional information is required:
- a. A copy of the IFB or RFP and the bidder's list;
 - b. A description of the method used to solicit responses. Copies of newspaper ads and information outlining the development of the bidder's list must be included;
 - c. A description of the follow-up activity performed to determine why other contractors did not submit a bid; and
 - d. An explanation as to why it was not put out to bid again.
- 4600 SELECTING A CONTRACTOR**
- Each proposal should be evaluated to determine the proposal which will best meet the project's needs. The following are some criteria which should be included in the evaluation:
- a. Does the bidder understand the project's stated problems or needs?
 - b. Is the approach to the problem or need reasonable and feasible?
 - c. Does the bidder have the organization, financial solvency, resources, and experience to perform

- the assignment? Has the bidder had experience in similar areas?
- d. What are the professional qualifications of the personnel committed to the contract?
- e. What is the total cost?

4700 ELEMENTS OF A CONTRACT

A contract defines the relationship between the project and the contractor. All contracts must be prepared in accordance with existing agency policies and clearly define the responsibilities of all parties.

At a minimum the contract should include:

- a. Designation of the parties to the contract;
- b. Term of the contract (period of performance);
- c. Maximum amount and basis upon which the payment is to be made under the terms of the contract;
- d. Clear and complete statement of the work or service to be performed, rendered, or provided;
- e. Payment schedule based upon satisfactory delivery of services or goods at predetermined intervals, including the amount or percentage of total payments to be withheld pending satisfactory completion of all terms and conditions of the contract; and
- f. Penalty clauses (punitive measures for when the contract is not being fulfilled).

4800 CONTRACT LIMITATIONS

Specific provisions for contracting with individuals, other government units, and nongovernment organizations are as follows:

- a. Organizations funded by OCJP shall comply with IRS requirements related to consultants;
- b. Employees of a state or local government entity, cannot be individual contractors if they engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any state, local agency or department;
- c. Travel and per diem costs must be in conformance with project policies;
- d. Preparation and travel time may not be included without adequate written justification; and
- e. Equipment purchase and/or leases may not be included in consultant contracts.

4900 CONTRACT PROVISIONS

Consultant contracts must adhere to, but are not limited to the following:

- a. Applicable requirements of this Handbook, Program Guidelines and RFP must be incorporated into all consultant contracts;
- b. The project must require source documentation of consultants that supports contract billings. Time and attendance reports must support hours charged, travel vouchers detailing the purpose, time, and destination must support travel claims, and purchase orders, invoices, etc., must support operating expense claims. This requirement does not apply to fixed fee contracts;
- c. Compensation, travel, and per diem rates must be specified in the consultant's contract and must comply with those of the project or be more restrictive;
- d. Performance must be measurable. Objectives and timetables must be clearly stated. Progress reports must be required, at least quarterly, to insure services are provided in compliance with the contract;

- e. Dual compensation (i.e., payment to a party more than once for the same work) must be specifically excluded; and
- f. Settlement of disputes between the project and the consultant is the responsibility of the project. OCJP is not responsible or obligated to or for the consultant and will not intervene in disputes between the consultant and the project.

4910 Drug-Free Workplace Certification Requirements

All contractors paid by OCJP grant funds must comply with the provisions of the Government Code outlined in Section 2152, Drug-Free Workplace Certification Requirements. The contractors must notify their employees that they are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession or use of controlled substances.

5000 MULTI-MEDIA MATERIALS, COPYRIGHTS AND PATENTS

5100 PUBLICATIONS

5110 Definition

Where activities supported in part or in full with OCJP grant funds produce original publications, the project must notify OCJP 60 calendar days in advance of any intended publication and must submit two copies of the materials to be published for approval. The term “publications” includes brochures, posters, video tapes, or other multi-media materials. This does not include transient information published solely on a project’s web site. Within 60 calendar days after the materials have been received by OCJP, OCJP will submit to the project any comments or necessary revisions.

5120 OCJP Review

The project must incorporate OCJP's comments and revisions into the materials within 30 calendar days and resubmit the intended publication to OCJP for approval. The project may not publish the material until OCJP provides final written approval. The project must also furnish OCJP with two (2) copies of the final product within 30 calendar days of publication.

Any document prepared by the grantee, either in whole or in part, under the provisions of the grant award agreement shall contain the dollar amounts relating to the preparation of such document if the total cost for this work exceeds five thousand dollars (\$5,000). The contract and subcontract numbers and dollar amounts shall be contained in a separate section of such document.

5130 Profit

Any profit resulting from the sale or distribution of publications produced in part or in full by OCJP grant funds shall be reported as project income (see Section 6610) and used by the project for a purpose that furthers the objectives of the project (see Section 6610.2). The project will attest to this by submitting OCJP Form 223 (see Appendix H). After the completion of the grant award period or funding cycle (whichever is later), transfer of title and/or copyright may be approved by OCJP upon certification that any profits derived from or generated by the publication will be used for criminal justice related activities or to further the original intent of the grant award. In determining whether or not to approve transfer of title, OCJP will consider programmatic and fiscal performance conditions, and the applicability and cost to the field in general (see Appendix X for Transfer of Publication Title). The certification form should be attached to the final OCJP 201 (Appendix D). Disposition of title to any publication will be determined by OCJP.

After disposition and transfer of title, no report of income generated by the publication will be necessary unless otherwise required by OCJP.

OCJP reserves the right to retain ownership and require additional reporting of generated income beyond the grant award period or cycle on exceptional publications, as deemed necessary.

5200 CREDITS AND DISCLAIMERS

All publications produced in part or in full with grant funds must contain a credit reference as follows:
"The preparation of this publication was financially assisted through Grant Award Number

_____ from the California Office of Criminal Justice Planning (OCJP)."

A disclaimer statement must also be included and should read as follows: "The opinions, findings, and conclusions in this publication are those of the author and not necessarily those of OCJP. OCJP reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use these materials and to authorize others to do so."

These statements must be placed in a visible location at the beginning and end of the materials.

5300 COPYRIGHTS AND RIGHTS IN DATA

All activities supported under the grant award agreement are considered "work made for hire" as defined under Title 17 U.S.C. Section 101, and shall include but is not limited to, original computer programs, writings, sound recordings, pictorial reproductions, drawings or other geographical representations and works of any similar nature. The term "computer program" includes executable computer programs and supporting data in any form. With regard to any "work made for hire", OCJP owns all rights comprised in the copyright, and therefore OCJP reserves a royalty-free, nonexclusive and irrevocable license to reproduce, publish and use such materials, in whole or in part, and to authorize others to do so.

5400 PATENTS

If any discovery or invention arises or is developed in the course of, or as a result of, work performed, in whole or in part, with OCJP grant funds, the project must refer the discovery or invention to OCJP. Determination of rights to inventions or discoveries shall be made by OCJP, or its duly authorized representative, who shall have the sole and exclusive power to determine whether or not and where a patent application should be filed, and to determine the disposition of all rights to such inventions or discoveries, including title to and license rights under any patent application or patent which may be issued.

The determination of OCJP or its duly authorized representative is final. In all cases, OCJP shall acquire at least an irrevocable, nonexclusive, and royalty-free license to practice and have practiced anywhere without limitation, for governmental purposes, any invention made with OCJP grant funds.

6000 FINANCIAL REPORTING

6100 NOTIFICATION OF GRANT AWARD

The grant award application is approved after both OCJP's executive director and fiscal officer have signed the Grant Award Face Sheet (OCJP A301). With this approval, the grant award package is forwarded to the project director. The grant award package includes the following:

- a. Grant award notification letter;
- b. Approved grant award;
- c. Reporting forms, OCJP 201 (Appendix D) and OCJP 223 (Appendix H);
- d. Equipment stickers, as appropriate; and
- e. Proposed audit plan.

6100.2 Upon receipt of these items, projects may begin drawing on the account by submitting a completed OCJP 201 (Appendix D) (see Report of Expenditures and Request for Funds, Section 6300) if the grant period, as indicated on the signed OCJP A301, has begun.

6200 ENCUMBRANCES AND LIQUIDATION EXPENDITURES

6200.1 Funds may only be used for the purpose authorized in the grant award and must be accounted for as specified in this Handbook (See Accounting Systems and Structure, Section 6400.)

6210 Definition of an Encumbrance

6211 An encumbrance occurs when funds are set aside to pay for a particular obligation. This is an accounting transaction, which should be recorded appropriately. The funds now are committed to a specific use and are no longer available for other expenditures.

Since the goods or services have not been received, the project legally owes nothing to the vendor or supplier.

An encumbrance is defined by the following three characteristics:

- a. The expenditure is approved in the original budget or a subsequent OCJP 223 (Appendix H);
- b. A formal written order or request (i.e., requisition) is approved by the project director or designated official prior to the end of the grant period; and
- c. A purchase order/contract has been submitted to the vendor or supplier of goods or services.

6220 Liquidation Expenditures

In order for cash expenditures made during the liquidation period to be claimed on the final OCJP 201, these expenditures must have: (1) met the definition (Section 6210) and (2) been financed by an encumbrance recorded prior to the end of the grant period. (Recorded: formal entry in accounting records). The liquidation period exists to allow projects time to receive ordered goods or services and make final payments. The grantee may not incur any new expenses or obligations and claim them against the OCJP grant. The liquidation period is the 90-calendar day timeframe immediately following the end of the grant period.

6300 **REPORT OF EXPENDITURES AND REQUEST FOR FUNDS**
(OCJP 201)

Funds may be disbursed after:

- a. the grant award has been fully executed by OCJP;
- b. the grant period has begun;
- c. the Grants Payment Unit has received an approved copy of the grant award; and
- d. the Grants Payment Unit has received the original OCJP 201 (Appendix D). Photocopies or duplicates of OCJP 201 forms will not be accepted for payment. OCJP 201 forms containing white-outs will not be accepted for processing. Instructions for completing the OCJP 201 are found on the reverse side of the form (see Appendix D).

Address - When Grants Payment Unit receives the grant award agreement, the permanent mailing address from line #5 of the OCJP A301 is entered into OCJP's computer system. This is the Financial Officer's address and the place where all warrants will be mailed. If this address changes, write: "Please mail checks to new address!" on the top of the OCJP 201. The new address will then be entered into the computer system and become the permanent mailing address. An OCJP 223 listing the change in address must be submitted.

Report Period - The report period must be for calendar months such as July 1994, rather than July 15 through August 15.

Funds Previously Requested - Type in the total cumulative amounts of federal, state and/or local funds (match funds) previously requested or received (include amounts requested and not yet received). Include any advance funds received or requested.

Amounts must be reported in whole dollars, rounded up when \$.50 or above and rounded down when \$.49 or below.

The grantee must expend cash before claiming an expenditure on the OCJP 201. The grantee must not request funds for expenses that have not been paid when the OCJP 201 is submitted (exception: estimated audit costs on the final OCJP 201 - Section 8153). Balances must not exceed the approved budget. If a budget category is over expended, the amount requested and current expenditures columns on the OCJP 201 will be reduced by that amount.

Certification - The original signature of the Project Director, as shown on line #4 of the OCJP A301, and the Financial Officer, as shown on line #5 of the same form, are required on each OCJP 201 prior to submission to OCJP Grants Payment Unit. For Juvenile Justice and Delinquency Prevention Local Planning Unit (LPU) projects, the OCJP 201 must be approved by the LPU prior to submission to

OCJP. The Financial Officer must be someone other than the Project Director. (Refer to Section 2112.)

After the grant has been awarded, if there are additional persons authorized to sign for the Project Director and/or Financial Officer that were not specified in the original grant award, submit, for each such grant award, an OCJP 223 (Appendix H) with an Additional Signature Authority form (Appendix AA). This procedure will be required every year of operation and does not carry over to subsequent grant periods. Letters from projects authorizing additional signatures will no longer be accepted.

6310 Monthly Report of Expenditures and Request for Funds

6311 Advance Payments - Expenditures on a Monthly Basis

6311.1 Community-based organizations (CBO) which elect to report expenditures and request funds on a monthly basis, and which have certified to cash flow problems, may request an advance payment immediately after the grant award has been approved by OCJP and the grant award period has begun. See Section 6311.3. The amount advanced is 17% of the amount of state and/or federal funds awarded to the project, as identified under items (8) and (9) of the Grant Award Face Sheet.

The Grants Payment Unit will liquidate the advance in the last three months of the grant award period, unless otherwise notified in writing by the grantee. The amount of reimbursement claimed on the OCJP 201 will be reduced by one-third of the advance amount. If the project does not report sufficient expenditures to cover the advance, the Grants Payment Unit will bill the project for the outstanding amount of the advance immediately upon completion of the grant award.

6311.2 Advance Payments - Expenditures on a Quarterly Basis

CBOs which elect to report expenditures and request funds on a quarterly basis, and which have certified to cash flow problems, may request an advance payment immediately after the grant award has been approved by OCJP and the grant award period has begun. See Section 6311.3. The amount advanced is 25% of the amount of state and/or federal funds awarded to the project, as identified under items (8) and (9) of the Grant Award Face Sheet.

All grantees other than CBOs which have certified to cash flow problems, may request an advance payment immediately after the grant award has been approved by OCJP and the grant award period has begun. (See Section 6311.3.) The amount advanced is 25% of the amount of state and/or federal funds awarded to the project, as identified under items (8) and (9) of the Grant Award Face Sheet.

The Grants Payment Unit will liquidate the advance with the first three 201s submitted. The amount of reimbursement claimed on the OCJP 201 will be reduced by one-third of the advance amount. If the project does not report sufficient expenditures to cover the advance, the Grants Payment Unit will bill the project for the outstanding amount of the advance immediately upon completion of the grant award.

6311.3 Certification For Advance of Grant Funds (OCJP 202)

Projects must complete OCJP 202 in order to certify cash flow problems and request an advance of grant funds. (See Appendix F.)

The OCJP 202 is attached to an OCJP 201 which reports no expenditures.

6312 Timely Submission of OCJP 201

With the exception of the first and final payment requests, projects must submit an OCJP 201 (Appendix D) to the Grants Payment Unit within 30 calendar days of the end of the report period, whether or not funds are requested. Projects must also submit OCJP 201s during the liquidation period.

6313 Claimed Expenses

The claimed expenses must be grant-related (i.e., they must further the project objectives as defined in the grant award agreement) and be incurred during the grant period. OCJP reserves the right to make the final determination if an expense is allowable and necessary.

6320 Quarterly Report of Expenditures and Request for Funds

- 6320.1 All grantees other than CBOs must report expenditures and request funds on a quarterly basis. (CBOs - refer to Appendix G for quarterly request.)
- 6320.2 With the exception of final payment, projects are required to submit an OCJP 201 (Appendix D) within 30 calendar days of the end of the following four quarters whether or not funds are being requested, unless the funds have been depleted and only the five-percent (5%) hold remains. The first three months of the grant period will be the first quarter.

6320.3 The claimed expenses must be grant-related (i.e., they must further the project objectives as defined in the grant award agreement) and be incurred during the grant period. OCJP reserves the right to make the final determination if an expense is allowable and necessary.

6330 Final Report of Expenditures and Request for Funds

6330.1 The project must submit the final OCJP 201 (Appendix D) within 30 calendar days of the end of the liquidation period. The liquidation period is the 90 calendar days immediately following the end of the grant award period (see Section 6220) unless specified otherwise in the grant award conditions. If the grantee does not submit a final OCJP 201 within 120 days from the end of the grant award period, OCJP may consider the last OCJP 201 submitted as the final, and close out the grant award. Once the Grants Payment Unit has processed the final OCJP 201, the grant will be closed and no further payment activities against the grant will be permitted.

6330.2 A minimum of five percent of funds awarded to the project will be held until OCJP has verified that all requirements of the grant award have been met. Failure to comply with these requirements may result in the reduction or termination of the grant award or withholding or disallowance of grant payments.

6340 Double Billings

Projects are prohibited from billing other federal, state, or local agencies for goods and/or services which have been billed and/or reimbursed to the project by OCJP.

6400 ACCOUNTING SYSTEM AND STRUCTURE

6400.1 The project must establish and maintain an adequate accounting and internal administrative control system.

6400.2 The accounting system must fully record the amount and disposition of all project funds. Accounting records must show receipt of funds and expenditures by source (e.g., federal, state, or local).

6400.3 Match funds and related expenditures must be identified in the accounting records (i.e., general ledger) and reported on the OCJP 201.

6400.4 A fund accounting system must be maintained that ensures all OCJP income and expenditures are separately identifiable from non-OCJP funds.

6400.5 Financial institutions used for the deposit of grant funds must be insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC).

6410 Accounting System

6410.1 The accounting system must include the account structure, accounting records, and procedures that define how and by whom the funds are handled. Accounting records must identify the receipt and the expenditure of all OCJP funds. The accounting system should conform to generally accepted accounting principles (GAAP).

6410.2 Accounting systems for OCJP projects may be on a cash, accrual, or modified accrual basis. Note: OCJP 201 payment requests should be made only on a cash basis as specified in Section 6300.

6410.3 Cash Basis

Under a cash basis system, revenue is not recognized when it is earned, but rather only when the payment is received. Similarly, expenses are recognized when they are paid, not when they are incurred.

6410.4 Accrual Basis

Accrual basis revenue is recognized in the accounts when the transaction occurs (when earned), regardless of the period in which the related cash is collected. Expenses are recognized and matched with the revenue of the period to which it relates, regardless of when it is paid.

6410.5 Modified Accrual Basis

Modified accrual basis is a compromise between the cash and accrual systems used by most governmental units. Revenues are recognized either when they are received in cash (e.g., licenses or fines) or when collection of the amounts can be reasonably estimated to be received in the near future (e.g., property taxes). Expenses are generally recognized in the period in which goods and services are received or a liability is incurred.

6410.6 The accounting system must provide accurate and current financial reporting information. All accounting records and supporting documentation must maintain a clear audit trail.

6410.7 The project must establish and maintain a system of internal accounting control adequate to safeguard grant assets, review the grant accounting and financial data for accuracy and reliability, and promote operational efficiency.

6420 General Ledger Account Structure

6420.1 Expenditures of grant funds must be recorded in categories which parallel the grant award:

- Personal Services
- Operating Expenses
- Equipment

6420.2 All general ledger account entries must be supported by the subsidiary records and the original source documentation. The format of the subsidiary records is determined by the project. The project must be able to show with documentation (i.e., work sheet) that general ledger entries can be traced (reconciled) to the OCJP 201 (Appendix D).

6500 MATCH REQUIREMENTS

6510 Definitions

6511 Cash Match

Cash match, also known as hard match, is income from a source other than state or federal funds that is budgeted for the project. When used to augment the project, cash expenditures for items such as personnel, facilities and supplies may be considered cash match, if not in violation of the prohibition on supplanting.

6512 In-Kind Match

6512.1 In-kind match, also known as soft match, is the project's contribution of non-cash outlay of materials or resources to support a percentage of the OCJP grant award activities. It may include non-cash outlay contributed by other public agencies and institutions, private organizations and individuals. Examples include donated office supplies, equipment, professional services and volunteer time. In general, the value of in-kind contributions is determined by fair market value.

6512.2 In-kind match is not allowable unless specifically allowed in the Program Guidelines or RFP.

6512.3 If the Program Guidelines or RFP allow in-kind contributions (e.g., volunteer services) for match, projects should document actual time worked by using a time reporting system such as sign-in and sign-out sheets which are completed by the volunteer and contain the signed approval by the supervisor.

Another method is to use the volunteer staff schedule. Volunteer staff initial and indicate the days/hours worked and the supervisor signs and dates the schedules to indicate approval.

6512.4 Projects must maintain documentation to support the claimed hourly salary rate of the volunteer services. The rate claimed should be comparable to the rates for paid employees performing similar duties. Published rates will not be allowed unless projects can provide evidence that the rates are comparable.

The documentation maintained should include duty statements for the volunteer positions and the comparable paid employee positions and information regarding the hourly salary rates paid to those particular employees. The hourly volunteer rate used, multiplied by the volunteer hours worked, total the dollar amount of the in-kind contributions. This calculation and the other referenced documentation should be maintained as part of the accounting records.

6512.5 Costs associated with volunteers may be claimed. These costs should be determined using the same methods used when calculating costs associated with employees.

6520 Match Categories (Allowable/Nonallowable)

6521 Asset Forfeitures

Assets from federal or state forfeiture proceedings are allowable match, if permitted by the Program Guidelines.

6522 State Funds Matching State Funds

State grant funds cannot be used as match for other state funded projects. However, OCJP may allow state funds awarded by this office to be used as a match for other non-OCJP funded projects if all of the following conditions have been met:

- a. The other funding source does not prohibit this practice;
- b. The funds are to be used for complimentary activities; and
- c. The project has obtained prior written approval from OCJP. To request the approval, complete and sign an OCJP 223 (Appendix H) and mail to the Grants Control Unit.

6523 State Funds Matching Federal Funds

State funds cannot be used as a match for federally-funded projects unless specifically authorized in the Program Guidelines. However, OCJP may allow state funds awarded by this office to be used as a match for other non-OCJP funded projects if all of the conditions as addressed in Section 6522 have been met.

6524 Federal Funds Matching Federal or State Funds

Federal funds cannot be used as a match for federal or state-funded projects except from the General Revenue Sharing Act, 31, U.S.C., 6701, et.seq. Prior written approval of OCJP must be obtained on an OCJP 223 (Appendix H).

6530 Required Match

The required match is specified in the Program Guidelines or RFP.

6540 Over Match

Projects are encouraged to budget only that match which is required. All match specified in the budget is part of the grant award, is subject to all programmatic restrictions, audit requirements, and cannot be reduced by the project once the grant proposal is approved.

6550 Calculating the Match

Match is calculated using one of two methods based either on the total project cost or on the percent of grant funds allocated to the project. The method required is generally specified in the authorizing legislation or the Program Guidelines/RFP. If this is not the case, the match must be calculated using the total project cost method.

6550.1 Match on Total Project Cost

To calculate the match, subtract the required match percent from 100%, divide the grant award amount by this difference to determine the total project cost, and then subtract the grant award amount (the OCJP allocation) to determine the match amount. The following example below demonstrates how to calculate the amount of a 10% match on a \$50,000 allocation, based on Total Project Cost.

Example:

Grant Award Amount	=	\$50,000
Divide \$50,000 by .9 (100 minus 10 = 90)	=	\$55,555 (Total Project Cost)
Subtract Grant Award Amount	=	\$50,000 (90%)
Local Match	=	\$5,555 (10%)

6550.2 Match on Percent of Funds Allocated

To calculate the match, multiply the grant award amount (the OCJP allocation) by the required match percent. The example below demonstrates how to calculate the amount of a 10% match on a \$50,000 allocation, based on percent of funds allocated.

Example:

Grant Award Amount	=	\$50,000
Percent of Cash Match	=	10%
Multiply \$50,000 by .10	=	\$5,000 (Amount of match)

6550.3 The calculation of match must be based on the total project cost concept unless otherwise specified in the Program Guidelines or RFP.

6560 Changing the Type of Match

Projects will normally not be allowed to change the type of match included in the grant once the grant budget has been approved. If a change in the match is requested, the following forms must be submitted to OCJP:

- a. A completed OCJP 223 (see Appendix H) indicating any applicable changes in the budget categories and a written narrative describing the changes to the type of match and justification for the changes; and
- b. Revised budget pages. All in-kind match must be separately identified.

6570 Reporting

Reporting of expenditure of match contributions need not be made in exact proportion to the expenditure of grant funds. However, the full match contribution must be expended before the grant expires in order to receive all funds allocated.

The expenditure of both cash and in-kind contributions should be reported on the OCJP 201 as the expenditures occur. The percentage of match expenditures reported monthly may vary from the budgeted match percentage. The full match contribution must be expended before the grant expires in order to receive all funds allocated.

Match funds and related expenditures must be identified in the accounting records (e.g., general ledger) and reported on the OCJP 201 and in the audit report.

When OCJP processes the OCJP 201 (Appendix D), it recognizes the amount of match expended based on the percentage of match funding contained in the grant award. For example, if the match funding percentage is 10 percent, then 10 percent of the expenditures reported on the OCJP 201 will be recognized as match expenditures.

6600 **PROJECT AND OTHER INCOME**

6610 Project Income

6610.1 Project income is defined as the profit resulting from income generated through or as a consequence of an OCJP grant-funded project. Profit is the amount of income remaining after deducting costs.

Project income must be used by the project for any purpose that furthers the objectives of the legislation under which the grant was awarded.

Project income cannot be used as an OCJP required cash match unless specifically allowed in Program Guidelines.

Example:

A grantee sponsors a conference and collects \$1,000 in registration fees. The conference materials and room rental costs \$800. The reportable project income is \$200 (\$1,000 in total income less \$800 in costs).

Types of income that relate directly to a grant and generate project income include the following:

- client fees;
- funds generated from the sale of publications, videos and other materials developed by the project;
- registration and/or conference attendance fees collected by the project;
- income generated by law enforcement activities (i.e., asset forfeiture or sting operations); and
- any interest earned on generated income.

Fundraising should not be recognized as project income (refer to Section 2240.3).

6610.2 Records of receipt and disposition of project income must be maintained in the same manner as required for grant funds (see Accounting System and Structure, Section 6400). Project income must be reported at least once a quarter on an OCJP 234 (Appendix DD), indicating how the income was earned. Project income cannot be expended prior to the approval of the OCJP 234.

A separate OCJP 234 (Appendix DD) must be submitted when reporting the actual expenditure of project income. The expenditures must be shown in the same categories as approved.

Unless additional restrictions on the disposition of project income are contained in the Program Guidelines or grant award, project income must be:

- a. Used by the project for a purpose that furthers the objectives of the project for which the grant was made, such as expanding the project, continuing the project, and obtaining equipment or other assets needed for the project; or
- b. Deducted from the total project cost to offset the state's share of costs.

6610.3 If the income does not have prior approval or if an income surplus exists at the end of the grant period, the income will normally be divided between OCJP and the project, with OCJP's portion being based on the percentage of state and/or federal monies provided by OCJP to fund the project. This does not apply if otherwise specified in the Program Guidelines. Final determination on the disposition of such income will be made by OCJP.

6610.4 Project income received after the conclusion of the grant award funding cycle must be retained by the grantee unless the terms and conditions of the grant award agreement provide otherwise, or a specific agreement governing such project income has been negotiated between OCJP and the grantee. In such cases, reporting requirements do not apply.

6620 Interest Income

Interest income is defined as income earned by local units of government and nonprofit organizations on advances of grant funds. Interest income must be reported at the end of the funding year on an OCJP Statement of Interest Income (OCJP 224, Appendix I). Grantees may retain up to \$100 of the interest earned per funding year. Any interest over \$100 per funding year must be refunded to OCJP. The form and a check for the amount of interest income to be refunded should be attached to the final OCJP 201

(Appendix D). This does not apply to state agencies, including state institutions of higher education, state hospitals, or if otherwise specified in the Program Guidelines.

6630 Other Income

Income from most other sources, such as contributions and donations, must be reported on the progress reports.

In rare cases, a grantee may receive a refund due to an over-estimate of the employer's contribution to the Public Employees Retirement System (PERS), and the contribution has been charged to a grant as an employee benefit cost. If the overpayment refund is received within the grant's funding cycle (even if the grant award period has ended), the grantee may claim the refund as project income. As project income, the refunded money must be handled in accordance with Section 6610.2. The refund may not be expended prior to receipt of OCJP's approval on an OCJP 234.

7000 CHANGES TO GRANT AWARD

7100 GENERAL

Most changes to the grant award must be approved by OCJP.

There are two methods of changing the grant award as described in Sections 7110 and 7120.

7110 Amending the Grant Award

Amendments are changes to the approved grant period and/or increases/decreases to the dollar amount. Some examples follow:

- a. Extending the grant period;
- b. Augmenting the grant award amount;
- c. Changing the grantee name.

These changes are discussed under Sections 7200 and 7300.

7120 Modifying the Grant Award

Modifications are changes to the approved grant award except those that change the dollar amount of the grant or the grant period. Some examples are as follows:

- a. Budget modification (see Section 7500);
- b. Adding a new line item to the personal services/benefits category;
- c. Adding a new line item to the equipment category;
- d. Change in fiscal officer or project director;
- e. Change in the name of the official authorized to sign for the project (with a new resolution attached);
- f. Change in goals, objectives, or activities;
- g. Changes to the liquidation period;
- h. Sole source approval;
- i. Consultant approval (e.g., expert witness);
- j. Out-of-state travel approval;
- k. Changes in operational agreements and/or Memoranda of Understandings; and
- l. Changing the type of match.

7130 Approval of Amendments

The following documents are required to amend a grant award:

- a. One Standard Agreement form (STD 2) (see Appendix A), with the original signature of the person authorized in the resolution to sign the grant award;
- b. A completed and signed OCJP 223 (Appendix H);
- c. Revised budget pages if increasing or decreasing the funds awarded.

If the original resolution does not authorize amendments (an increase/decrease of grant funds and/or an extension of the grant award period), a new resolution from the governing board must be submitted.

7140 Approval of Modifications

Usually, the only form required to modify a grant award is the OCJP 223 (Appendix H).

All required modifications must be in writing via the OCJP 223 and will be effective upon OCJP's written approval. Oral agreements are not binding on either party.

7141 Instructions for completing the OCJP 223 (see Appendix H) are on the reverse side of the form. Completed forms are to be mailed to the Grants Control Unit.

7200 GRANT AWARD EXTENSIONS

7210 Definition

An extension is a change in the grant which affects the length of the grant period.

7220 Extensions of Grant Periods

7221 Extensions of grant periods may be requested for unavoidable delays beyond the project's control, including but not limited to the following:

- a. Insufficient time to complete the project objectives;
- b. Extreme difficulties in acquiring adequate staffing of the project;
- c. Sudden or unexpected termination of the project director or other responsible officers;
- d. Delays in processing grant modifications and/or amendments;
- e. Delays caused by acts of legislative or judicial bodies;
- f. A strike which affects the performance of the project; or
- g. Natural disasters affecting project performance.

7222 Documentation for extensions must be in writing and received by OCJP at least 30 calendar days prior to the conclusion of the grant award period. Oral requests for extensions do not bind either OCJP or the grantee. Refer to Section 7240 for extension procedures.

7223 If insufficient time (less than 30 calendar days but prior to expiration) remains in the grant period, the project may make an oral request for additional time to submit the extension of the grant award request. In such cases, the project director must fully explain on the OCJP 223 (Appendix H), the reason the request was not submitted earlier. The Deputy Director, Programs, will determine whether the waiver of the 30 calendar day rule is justified.

7224 Retroactive extension of grant award periods will not be permitted. In extreme cases, based on substantial justification, and a showing that the extension is critical to the successful completion of the project, grantees may appeal for an exemption from this policy to the Executive Director. An extension will not be considered retroactive if the request for the extension is received prior to the expiration of the grant award.

7225 Projects that have not received written approval of the extension request from OCJP at the end of the

initial funding period and continue to operate, do so at their own risk and without a guarantee that the extension will be approved by OCJP, or that reimbursement will be made for expenditures incurred during that period.

7230 Considerations

In determining the grant award extension request, the following may be considered:

- a. Past and current performance;
- b. The availability of funds;
- c. Timely submission of completed fiscal and program reports; and
- d. Circumstances and justification for the request.

7240 Extension Procedures

To request an extension, the following must be submitted to and received at OCJP at least 30 calendar days prior to the expiration of the grant period:

- a. One State of California Standard Agreement form, (STD 2, Appendix A) with original signature of the person authorized to sign the grant award;
- b. Completed and signed Grant Award Modification (OCJP 223, Appendix H); and
- c. New resolution from the governing board if the original resolution did not authorize the amendment.

7250 Extension of Bond Coverage

If the original bond or insurance does not cover the extension period, the project must obtain and submit an extension on the bond to cover the extended time period within 30 calendar days of OCJP's approval of the extension request.

7300 AUGMENTATIONS

7310 Definition

An augmentation is an increase in the dollar amount of the approved grant award.

7320 Considerations

OCJP will consider the following factors in determining whether or not to augment a project:

- a. Availability of funds;
- b. Past and current performance;
- c. Expansion of program activities;
- d. The project's ability to meet the service objectives;
- e. The project's need for additional funding;
- f. The project's proposed budget; and
- g. Programmatic and state needs.

In addition, OCJP may consider past and current performance on other OCJP-funded projects administered by the grantee.

7330 Augmentation Procedures

To process an augmentation request, the following forms must be submitted:

- a. One State of California Standard Agreement form (STD 2, Appendix A), with original signature of the person authorized to sign the grant award;
- b. Completed and signed OCJP 223 (Appendix H);
- c. Revised budget pages indicating the new total project costs; and
- d. New resolution from the governing board if the original resolution did not authorize the amendment.

7340 Bonding

If the original bond does not cover the increased grant award funds, the grantee must obtain and submit certification of increased coverage within 30 calendar days of the approval of the amendment request.

7400 REDUCTION TO GRANT AWARD

7410 Definition

A reduction is a decrease to the funds awarded in the approved grant award.

7420 Considerations

In determining whether or not to decrease funds awarded to the project, the following will be considered, but are not limited to:

- a. Past and current performance, including failure to comply with grant requirements;
- b. Reduction in state or federal funds; and
- c. Project's expenditure pattern.

In addition, OCJP may consider past and current performance on other OCJP-funded projects administered by the grantee.

7430 Decreasing Project Funds

To process a decrease in grant award funds the following forms must be submitted to the Grants Control Unit:

- a. One State of California Standard Agreement form (STD 2, Appendix A), with an original signature of the person authorized to sign the grant award;
- b. A completed and signed OCJP 223 (Appendix H); and
- c. Revised budget pages indicating the reduced total project costs.

In the event it becomes necessary to decrease project funds, the project will be officially notified in writing by OCJP.

7500 BUDGET MODIFICATION

7510 Definition

A budget modification is a change within the approved budget that does not change the grant award amount or the grant period.

7520 Prior Approval

7521 Prior approval is required for budget modifications which:

- a. Transfer funds from one approved budget category to another;
- b. Reallocate personnel, the time period involved, the individuals involved, the salaries paid, and/or the percentage of time worked;
- c. Reallocate personnel, the time period involved, the individuals involved, the salaries paid, and/or the percentage of time worked for those identified as consultant positions in the Operating Expenses Category; and
- d. Add a new line item to the currently approved equipment category.

Revised budget pages may be required by the OCJP Program Specialist if transferring funds from one approved budget category to another.

7522 If prior approval is not obtained, the grant reimbursement may be reduced by the amount of the unauthorized expenditure(s). Unauthorized expenditures may also result in audit issues.

7530 Budget Modification Procedures

7531 Budget modifications must be submitted on an OCJP 223 (Appendix H) and approved before the expenditure is reported (or ordered, contracted for, etc.) on an OCJP 201 (Appendix D). Any changes to budget categories as a result of a modification must be reflected on the next report of expenditures (OCJP 201, Appendix D) after the change is approved. A budget modification may not be submitted to resolve questioned/disallowed costs resulting from an audit.

7600 MODIFICATION OF PROJECT OBJECTIVES

Project objectives may only be modified during the first seven (7) months of the original grant period, unless otherwise approved by the OCJP Branch Chief. Requests to modify objectives after the seventh month must cite justification showing that the need to modify arose out of circumstances beyond the project's control, including but not limited to the following:

- a. Extreme difficulties in acquiring adequate staffing for the project;
- b. Sudden or unexpected termination of necessary project personnel;
- c. Delays in processing grant modifications and/or amendments;
- d. Delays caused by acts of legislative or judicial bodies;
- e. A strike which affects the performance of the project; or
- f. Natural disasters affecting project performance.

7610 Procedures

Modifications to project objectives must be submitted on an OCJP 223 (Appendix H) indicating the

following:

- a. Written justification for the project objective changes being requested; and
- b. Applicable changes in the budget (if there are none, type "NO CHANGE" in the budget section).

7620 Approval

All modifications to project objectives require prior OCJP approval in writing. Modifications to statutorily required objectives are not permissible.

7700 EXTENSION OF LIQUIDATION PERIOD

7710 Definition

The liquidation period is the 90 calendar days following the grant period.

The request for the extension of the liquidation period must be submitted within the first 60 calendar days of the liquidation period.

7720 Considerations

The following will be considered:

- a. Past and current performance;
- b. The availability of funds;
- c. Timely submission of completed fiscal and program reports; and
- d. Circumstances and justification for the request.

7730 Procedures

To request an extension of the liquidation period, the following must be submitted to the OCJP Grants Control Unit:

- a. A completed and signed OCJP 223 (Appendix H)

8000 AUDITS

8100 AUDIT REQUIREMENTS

8101 Audit Reporting Compliance

To safeguard OCJP assets and to ensure all funds are accounted for, OCJP requires all organizations receiving an OCJP grant award(s) be audited (via a single or grant specific audit) and the report submitted within six months after the fiscal year or grant ends. (See Section 8120 for exception.) Financial accountability and compliance require all funds to be expended in accordance with federal and state laws, rules and regulations, the grant award, the OCJP program guidelines, and OCJP Handbook.

8102 Timely Submittal of Audit Reports

Projects who fail to submit an audit report six months after the end of the grant period as identified in Section 8120, will receive a single late notice and a final notice within a three month period. Upon expiration of the final notice nine (9) months from the end of the grant, if the Audits Branch has not received the required audit report, the grantee will be invoiced for all OCJP claimed grant expenditures relating to the non-reporting grant(s). Also, the grantees current grant funds will be withheld until the required audit report has been submitted.

8103 Audit Plan

Community based organizations must notify OCJP of its intent to secure an audit by submitting the Proposed Audit Plan (OCJP Form 601). The plan must be submitted to OCJP within six months of the starting date of the grant. The Audit Plan (OCJP Form 601, Appendix K) and instructions are included in the grant award package. Projects which have not submitted the Audit Plan within the required time frame will receive a letter requesting submission of a completed form. If a grantee plans to submit an interim audit report (see Section 8804 for definition of an interim audit report), the grantee is required to identify the specific grant(s) which will be reported on an interim basis.

The plan includes, but is not limited to the following information:

- a. The grant(s) to be audited;
- b. The type of audit to be performed;
- c. The CPA/auditor who will complete the financial audit;
- d. The date the audit will be completed;
- e. The project's contact person; and
- f. The grant(s) submitting an interim audit report.

8104 If the project changes the CPA/auditor, a revised OCJP 601 (Appendix K) must be submitted to the Audits Branch.

8105 If a project plans to submit an interim audit report, it is the responsibility of the grantee to notify OCJP on the OCJP Form 601.

8110 Scope of Audit

The audit shall be made by an independent auditor (qualified state or local government auditors or

independent public accountants licensed by the State of California) as defined in Chapter 3, Paragraphs 11 through 25 of the Governmental Auditing Standards (GAO Standards) promulgated by the Comptroller General of the United States (revision 1994).

The standard states: "In all matters relating to the audit work, the audit organization and the individual auditors, whether government or public, should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance."

The audit must be performed in accordance with the financial audit requirements of the Government Auditing Standards (GAO Standards) published by the United States General Accounting Office (revised 1994).

8111 The audit must consider provisions contained in the OCJP program guidelines, grant award, and this Handbook.

8112 The audit shall cover the entire grant period and include the revenues and expenditures on the final OCJP 201 (Appendix D).

8113 The auditor shall determine the following:

- a. The financial statements of the organization present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles.
- b. The organization has internal accounting and administrative control systems to provide reasonable assurance that it is managing the program in compliance with applicable laws, regulations, policies addressing the expenditures of grant funds, and the OCJP Handbook.
- c. The organization has complied with laws, regulations, and the OCJP Handbook, that may have a material effect on its financial statements and on the OCJP funded project.

8120 Frequency of Audit

Audits must be completed and submitted to the OCJP Audits Branch no later than six months after the close of the grantee's fiscal year or grant period.

However, if grant funded projects have been granted an augmentation and extension for twelve or twenty four months, then an audit must be completed for each year (see Section 8132 for audit report exceptions). Projects are allowed to budget for a separate audit for each year of the extended grant (see Section 8157).

8130 Securing Audits

Projects must arrange for a financial audit (as defined by GAO Standards) for each grant in accordance with OCJP policy. The Single Audit Act Amendment of 1996, Office of Management and Budget Circulars A-133 or A-110 and subsequent circulars should be considered in securing the audit. If there is a conflict in audit requirements, OCJP policy will supersede. If the project does not comply with the audit requirements, special conditions may be placed on any current and future grant award agreement(s) to require the project to comply. Subsequent grant awards may be denied or current grant awards may be withheld or terminated.

8131 Grants Less Than \$300,000

Under the provisions of the Office of Management and Budget (OMB) Circulars A-133, grantees expending total federal awards of less than \$300,000 per year are exempt from performing a single audit. However, since OCJP has determined that the system is high risk, therefore, OCJP grantees are not exempt from performing a financial audit. Section 8132 defines audit threshold requirements for all grantees receiving state and/or federal funded grant from OCJP. There are no exceptions.

8132 Audit Report Threshold Requirements

Grantees expending total federal or state funds of less than \$25,000 are exempt from performing a financial audit. However, these grants must maintain appropriate records to document grant compliance, and are subject to audit by OCJP. Grantees who expend \$25,000 or more in OCJP State and/or Federal grant funds are required to submit a financial audit.

8133 Proposed Audit Plan

An Audit Plan, OCJP Form 601 (Appendix K) is not required for local government entities. All other entities are required to submit an audit plan. Grantees who receive a grant augmentation where funds exceed the \$25,000 funding level, are required to submit an audit plan.

8140 Relation to Other Audit Requirements

Organizations, which are required to procure annual single audits in accordance with the provisions of the Single Audit Act Amendment of 1996, and subsequent circulars or who elect to have an organization-wide audit, may include the OCJP grant in their single audit or organization-wide audit. An organization can display OCJP grant expenditures in total or by cost category in the Schedule of Federal Assistance. If displayed in total, the grantee must prepare a separate schedule for categorical reporting. In addition, the separate schedule must identify the grant, grant period, and audit period. Whichever method is used, reporting by cost category is required; there are no exceptions.

Revenues and expenditures for each grant must be shown separately in the audit report by supplemental information. Each grant must be identified by the grant award number.

8141 If the grant has a match requirement (cash and/or in-kind), the report must identify the revenues and expenditures by category made to meet the match requirement.

8142 If the single audit or organization-wide audit does not include the entire grant period, then the project is required to secure an audit to cover the remaining grant period. The remaining grant period may be included in the organization's subsequent single audit or organization-wide audit. The project must report to the OCJP Audits Branch utilizing the proposed audit plan, OCJP Form 601. (See Section 8105.)

8150 Audit Costs

8151 Grant-funded projects are required to secure a financial audit and are allowed to budget for the audit costs. Specifically, the audit costs are as follows:

- a. If the total amount of the grant is less than or equal to \$150,000, the project may budget up to \$1,500 for the financial audit costs for one audit per year for each year of the grant; or

- b. If the amount of the grant is greater than \$150,000, the project may budget up to one percent of the total grant for the financial audit costs.

- 8152 In order for the project to claim audit costs, the costs must be designated as a separate line item within the operating expenses budget category and be encumbered prior to the end of the grant period. Encumbering audit costs means the project has the audit costs designated and approved in the original budget or added as a line item during the grant period and have selected a CPA/auditor prior to the end of the grant.
- 8153 Estimated audit costs related to OCJP grants can be claimed on the final OCJP 201 (Appendix D) for an audit which will not be completed prior to submission of the final OCJP 201. The project must maintain documentation to support the estimated audit costs (i.e., copy of the CPA/auditor's audit fee schedule, executed audit contract or audit proposal).
- 8154 Audit costs for interim audits (i.e., audits which do not cover the entire grant period) should be claimed on the final OCJP 201 (Appendix D). As noted above, estimated audit costs may be claimed for an audit to be completed after submitting the final OCJP 201. Therefore, when the grant period is contained within two audit reports, the audit costs claimed on the final OCJP 201 will consist of actual and estimated costs.

EXAMPLE: The grant period is July 1, 1995, through June 30, 1996. The project's audits are conducted on a calendar year basis (January 1 through December 31, 1995). The audit costs for the July through December 31, 1995 portion of the grant can be determined when that calendar year (1995) audit is complete, and the costs for the January 1 through June 30, 1996 portion have to be estimated. The audit costs claimed on the grant's final OCJP 201 will consist of actual costs for the first six months of the grant (July 1 through December 31) and estimated costs for the remaining six months of the grant period (January 1 through June 30, 1996).

- 8155 Carryover of grant funds from one grant period to the next is not allowable, including multi-year grants. Claimed expenses must be incurred during the grant period (refer to Section 6313). Any expenditures claimed on the FINAL OCJP 201 and submitted after the grant period must be recorded in the grantee's books of account as of the grant period, with the exception of those grantees reporting on a cash basis. However, those that are reporting on a cash basis must encumber (see Section 6200) the funds and reflect it in their accounting records for that grant period.
- 8156 If the amount of the actual audit cost is less than the amount of the estimated audit cost, the project must return the difference to OCJP.
- 8157 Grant funded projects are allowed to budget for additional audit costs related to augmentation and extension for each year of the extended grant, if an audit is required (see Section 8132)

8160 Special Provision for Accounting Services

Grantees may be required to contract for accounting services to ensure that appropriate internal controls exist to account for grant funds. Funds for this purpose may be re-directed from existing grant funds.

8200 AUDIT REPORTS

Audit reports must be prepared at the completion of the audit. The report must comply with the

financial audit reporting standards contained in the Government Auditing Standards (GAO Standards) published by the U.S. General Accounting Office (revised 1994). Audit reports which do not meet the standards will not be accepted until the deficiencies are corrected.

The grantee should provide this section of the Handbook to the CPA/auditor to ensure that the audit report meets OCJP requirements.

The audit report shall state that the audit was made in accordance with the GAO Standards (i.e., Governmental Auditing Standards, promulgated by the Comptroller General of the United States) or generally accepted government auditing standards (GAGAS) for financial audits. For OCJP grant/program specific audits, the audit report shall also state that the audit was performed in accordance with the OCJP Grant Audit Program (if used) and certain provisions of the OCJP Grantee Handbook.

Public accountants performing government audits must also state that the audit was made in accordance with the generally accepted auditing standards (GAAS).

8210 Audit Report Content

The audit report, at a minimum, must contain sections 8211 through 8216 and meet the GAO Standards referred to in Section 8200.

8211 The auditor must include an opinion on financial statements or financial reports and related items.

The auditor is required to refer to the separate reports on compliance with laws and regulations and internal controls in the report on the financial statements.

8212 The auditor's report on their understanding of the entity's internal control structure and the assessment of control risk made as a part of the financial statement audit or a financial related audit should include:

- a. The scope of the auditor's work in obtaining an understanding of the internal control structure and in assessing the control risks;
- b. The reportable conditions, including the identification of material weaknesses, identified as a result of the auditor's work in understanding and assessing the control risk; and
- c. Any conditions noted, which are contrary to the program guidelines, grant award, and the OCJP Handbook.

8213 The auditor's report on compliance contains:

- a. A summary of all instances of noncompliance; and
- b. An identification of any questioned or disallowed amounts for each grant award, as a result of noncompliance.

8214 In addition to the audit report, the project shall provide comments on all findings and recommendations referred to in the report, including a plan for corrective action taken or planned and the implementation date.

8215 Expenditures must be reported by expenditure categories (i.e., personal services, operating expenses, and equipment).

8216 If certain information is prohibited from general disclosure (privileged and confidential information), the

report must state the nature of the information omitted and the requirement that makes the omission necessary.

8217 Management Letters

Audit reports which refer to a management letter are required to submit a copy of the management letter along with the audit report to OCJP.

8220 Report Distribution

8221 Send one (1) copy of the required audit report to:

Office of Criminal Justice Planning
Monitoring and Audits Branch
1130 K Street, Suite LL60
Sacramento, CA 95814

8222 Grantees reporting to boards of directors must provide copies of all grant-related financial audit reports and all grant-related program monitoring reports to their boards of directors.

8230 Failure to Submit an Audit Report

Failure to submit an audit report or submission of a late audit report will result in special conditions being placed on the grant to comply with audit requirements, the withholding of grant funds, or denial of subsequent grant awards.

8240 Access to Audit Documents

OCJP or its authorized representatives have access to all audit reports, audit working papers, correspondence, or other documents related to the audit reports and grant award.

8250 Quality Control Review

Audit reports submitted by qualified state and local government auditors and independent CPA firms may be randomly selected for a quality control review of the CPA/auditor's working papers. The CPA/auditor will be notified when a review will be conducted.

8260 Right to Perform Audit or Review

OCJP reserves the right to perform audits or reviews of any grant award at any time.

8300 OCJP AUDIT PROCESS

The following describes the audit process for audits performed by the OCJP Audits Branch:

- a. **Entrance Conference:** The auditor meets with the grantee to discuss the scope of the audit.
- b. **Field Work:** The auditor is on-site at the project performing the audit work to meet the audit objective.

- c. **Draft Report:** A transmittal letter and draft report is issued. The draft report describes any administrative findings, questioned costs, and disallowed costs identified during the audit. The grantee must provide, within seven (7) calendar days of the exit conference, a written response and any support documentation related to the findings and questioned/disallowed costs. If a response is not submitted, the findings, questioned costs, and costs recommended for disallowance are considered final.
- d. **Exit Conference:** The auditor meets with the grantee to formally discuss the results of the audit.
- e. **Final Report:** The auditor considers the grantee's response to the draft report and may revise the audit report. The grantee's response is included in the final audit report. The final audit report is then issued to the grantee and becomes a public document.

8400 QUESTIONED/DISALLOWED COSTS IDENTIFIED IN AN AUDIT

When costs are questioned or recommended for disallowance and the grantee cannot support the costs claimed through original source documents and general ledger entries, policies and approvals, OCJP will invoice the grantee to return the funds.

If the questioned costs or costs recommended for disallowance are a material amount in relation to the grant, a hold may be placed on all current grant funds.

8500 INDEPENDENT CPA/AUDITOR REPORT REVIEW PROCESS

CPA/auditor financial audit reports of grants are reviewed to ensure that audit requirements in Section 8000 are met. An audit results letter is issued to the grantee indicating whether the audit requirements were met.

If the audit report is not approved, the letter specifies the deficiencies and the time frame to correct the deficiencies. The letter identifies questioned costs or costs recommended for disallowance and inadequate responses to administrative findings noted in the review of the audit report.

The Audits Branch follows up to secure audit reports from the grantee and may require the grantee submit overdue audit reports by placing conditions on subsequent grants, withholding grant funds, or denying subsequent grants until the audit report is submitted.

8600 FINANCIAL TECHNICAL ASSISTANCE

Financial technical assistance is a limited review of internal controls, accounting records, OCJP 201s (Appendix D), and written procedures to assist grantees in properly accounting and reporting grant expenditures. It is not an audit and no report will be issued.

8601 Procedures to Request Technical Assistance

Projects may request financial technical assistance by submitting a written request or the Request for Financial Technical Assistance (Appendix L) to the Audits Branch.

OCJP program specialists may request financial technical assistance for a project by submitting a written request to the Audits Branch.

8602 Audit Programs And Internal Control Questionnaires

Audit programs, internal control questionnaires and sample audit reports will be provided by the Audits Branch upon request of the grantee or the CPA/auditor.

The audit program details the scope and procedures to be performed for the financial audit. The internal control questionnaire provides the areas which must be documented and evaluated in order to prepare the report on internal controls.

8700 RECORDS

All audit reports, project books, documents, papers and records relating to the grantee must be accessible to OCJP or authorized representatives, and for grants receiving federal funds, the Comptroller General of the United States (or authorized representatives), for inspection and audit.

8710 All grant records must be retained for at least three years from the date of the termination of the grant or the date the final fiscal and program reports are submitted to OCJP, whichever is later. If at the end of the three years, there is litigation or an audit involving those reports, the agency (grant recipient) shall retain the records until the resolution of such litigation or audit.

8720 OCJP may withhold grant funds, deny future funding, and/or disallow expenditures anytime the grantee fails to comply with any terms or condition of the grant award or program guidelines. This may include, but is not limited to, the failure to cooperate with or admit OCJP staff or representatives (e.g., audit team) to review program and/or fiscal records.

8800 DEFINITION OF TERMS

8801 **Administrative Findings:** These findings are the auditors' recommendations for correcting any deficiencies disclosed by the CPA/auditor's study and evaluation of internal accounting and administrative controls.

Examples of administrative findings include, but are not limited to:

- a. Inadequate separation of duties among employees;
- b. Untimely preparation of OCJP 201s (Appendix D);
- c. Lack of written procedures;
- d. The general ledger does not agree with the OCJP 201; and
- e. Inadequate or lack of time sheets.

8802 **Disallowed Costs:** Disallowed costs are costs which the CPA/auditor has documentary evidence beyond a reasonable doubt that the project is in violation of legislative or regulatory requirements or specific grant conditions.

8803 **Full Period Grant Audit:** The financial audit covers the full grant period.

8804 **Interim Grant Audit:** The financial audit does not cover the full period of the grant.

For example, a grant is awarded from July 1, 1995, through September 30, 1996. The audit report covers the period July 1, 1995, through June 30, 1996. The project is required to secure a financial audit

to cover the remaining grant period, July 1, 1996, through September 30, 1996.

8805 **Questioned Costs:** Costs which require additional supporting documentation from the project or which require an allowability interpretation from OCJP.

8900 **SEPARATION OF DUTIES**

8910 **General Guidelines**

The individual responsible for processing cash receipts, cash disbursements, payroll, and purchasing should not process the entire transaction. Members of the same family (e.g., husband, wife, brother, sister, daughter or son) are considered one person for the purposes of separation of duties. Adequate internal control provides that no one person may perform more than one of the following functions:

- a. Receive and deposit cash receipts;
- b. Authorize cash disbursements;
- c. Prepare checks;
- d. Manually sign checks;
- e. Reconcile bank statements and post to the General Ledger; and
- f. Prepare or initiate invoices.

If the size of the project does not allow for separation of duties, the project must establish other procedures to mitigate that weakness. Projects can alleviate the problem by increasing supervision of staff or by enlisting board members to perform some functions in order to achieve adequate separation of duties.

8920 **Minimum Requirements**

The following separation of duties represents the minimum necessary to achieve division of responsibility for cash receipts and cash disbursements transactions. Additional division of responsibilities within each function can be beneficial.

<u>Authorizing</u>	<u>Recording</u>	<u>Custody</u>
<ul style="list-style-type: none">• Approves Invoices• Signs Checks• Reconciles Bank Statements Monthly	<ul style="list-style-type: none">• Prepares Invoices• Prepares Checks• Maintains Cash Receipts Register• Maintains Cash Disbursements Register	<ul style="list-style-type: none">• Restrictively Endorses Checks (Receipts)• Receives and Deposits Cash Receipts• Mails or Distributes Checks

The canceled checks must be delivered unopened to the person responsible for the bank reconciliation function and must be safeguarded by that person until the reconciliation is complete.

Refer to Sections 2112 and 6300 for the required separation of duties between the Project Director and the Financial Officer.

9000 AUDITS RESOLUTION

OCJP's Audits Resolution Unit is responsible for resolving all questioned/disallowed costs identified in final audit reports.

9100 DISPOSITION OF AUDIT ISSUES

The Audits Resolution Unit will notify the project in writing of the disposition of audit issues. The unit may consider additional documentation relating to questioned/disallowed costs.

If the project does not respond in writing to the questioned/disallowed costs within the 30 calendar day period specified in the audit results letter sent out by the OCJP Audits Branch at the conclusion of an audit, the audit report will be considered resolved and OCJP will invoice the project for the questioned and/or disallowed costs. If a project requires more than the 30 calendar day period to respond to the questioned/disallowed costs in the audit results letter, it must submit a written request to the OCJP Audits Resolution Unit within the 30 calendar day period requesting an extension of time to respond to the audit report. An explanation justifying the need for additional time to respond to the audit must accompany the request.

9200 DISALLOWED COSTS

9210 Invoice for Repayment

The project will be invoiced for the portion of costs disallowed by the Audits Resolution Unit. The project must pay the invoiced amount within 30 calendar days from the invoice date.

9220 Repayment of Disallowed Costs

If full payment of disallowed costs causes an undue hardship to the project, the project may submit a written request to the Audits Resolution Unit to pay under a specified payment schedule. The term of the payment schedule shall not exceed a twelve-month period, unless otherwise authorized by OCJP.

9230 Sanctions for Non-payment

If the project does not comply or is delinquent in complying with the payment requirements imposed by the Audits Resolution Unit, a hold may be placed on any funds due to the project and/or full amount of disallowed costs owed will be due and payable. In addition, OCJP may take additional action, as appropriate, including, but not limited to, denying future grants and reducing the amount of any payments requested by the project on OCJP 201 (Appendix D).

10000 REPORTING PROJECT ACTIVITIES AND ACHIEVEMENTS

10100 PROGRESS REPORTS

10110 Purpose

Funded projects are required to participate in data collection and submit progress reports. Projects must keep accurate records to document the project's progress in achieving the objectives in accordance with the program guidelines and/or RFP/RFA.

These records must be retained by the project for at least three years from the date of the termination of the grant or the date the final fiscal and program reports are submitted to OCJP, whichever is later. During programmatic monitor and site visits, OCJP will review these records for accuracy and compare that data to the progress reports submitted by the project.

Projects are to retain source documentation for progress reports on a quarterly basis, regardless of submission requirements. The progress reports provide project staff and OCJP with a formal process to document ongoing grant activities and project progress toward the achievement of stated program goals. All progress reports are reviewed by program specialists and retained in the project's award file in the OCJP Grants Control Unit.

Acceptance of a grant obligates the project to allow employees and/or agents of OCJP unrestricted access to inspect, copy, and audit all project books, documents, papers, and records, including confidential client records.

10120 Submission

Unless otherwise specified in the Program Guidelines or RFP, OCJP requires one status report and two progress reports for the grant period. The status report covers the first three months of the grant's operation. A progress report is due at the end of each six-month period of the grant. The first progress report will contain information about the first six months of operation, and the second report will contain cumulative figures for the twelve-month grant period.

All projects are required to submit an original and one copy of the status/progress report to OCJP's Grants Control Unit. These are due 30 calendar days after the end of the reporting period. For example, if the reporting period ends October 31, the report must be submitted to OCJP by November 30.

LPU Planning and Administration grant recipients are required to submit an original and one copy of the final report to OCJP's Grants Control Unit.

Failure to submit a report on time may result in the withholding or disallowance of grant payments, the reduction or termination of grant funds, and/or the denial of future grant funding.

10120.1 Grant Extensions

If the grant period is extended, progress reports will be required. Contact your OCJP Program Specialist for the additional requirements.

10130 Final Payment

Payment of the final five percent of grant funds will be withheld until receipt of the following:

- a. Written response, when appropriate, to conditions placed on the grant award;
- b. All required progress reports, including those covering the period for which an approved grant award extension has been authorized;
- c. Any additional reports required by federal, state, or OCJP guidelines; and
- d. A final OCJP 201 (Appendix D).

Funds may be withheld or terminated and future grant funding may be denied if the project has not timely complied with the terms and conditions of the grant award (Section 12000, Withholding, Disallowance, Reduction, Termination and/or Denial of Grant Funds).

10200 TECHNICAL ASSISTANCE

Programmatic technical assistance is available to all projects upon request. Requests for on-site technical assistance should be in writing and directed to the appropriate program branch (Appendix M, Request for Programmatic Technical Assistance). Technical assistance may be provided on-site or over the phone.

10300 SITE VISIT

10310 Purpose

The purpose of a technical assistance/site visit is to make an on-site assessment of current project conditions and to provide technical assistance. As part of the assessment, the Grantee Handbook, Program Guidelines and Grant Award Agreement will be reviewed.

These visits are for OCJP staff to provide on-site technical assistance to the project, which may include the following:

- a. Provide information that will assist the project in meeting program goals;
- b. Review project objectives to determine if they are achievable;
- c. Review project activities to determine if they will reasonably result in achievement of the objectives;
- d. Review the project's source documentation and data collection process;
- e. Review the project's Report of Expenditures and Request for Funds (OCJP 201, Appendix D), to determine whether any adjustments are needed;
- f. Review the monitoring process with project staff so they know what to expect during future visits; and
- g. Review the progress reports to determine if they are complete and accurate.

10320 Timeframe

Projects will normally be visited within the first six months of a grant year.

10330 Follow-up

Projects determined to be progressing satisfactorily will receive a letter acknowledging their current status. Projects which require corrective action may be required to submit a corrective action plan or

will receive a letter outlining appropriate corrective action.

10400 MONITORING

10400.1 Definition

A monitoring visit is an on-site assessment by OCJP to determine if the project is in compliance with the Grant Award Agreement, the Program Guidelines, the RFA/RFP, the Grantee Handbook, and Federal and State Laws and Regulations. The monitoring process is intended to make an assessment of the grantee's ability to meet the provisions of the grant award agreement and program guidelines, and to support program branches in helping projects achieve their goals.

10410 Grant Award Agreement Obligations and Time Frame

All projects are monitored in compliance with Federal and State laws and the OCJP Handbook requirements.

Acceptance of the Grant Award Agreement obligates the project to allow OCJP staff and/or its authorized representatives unrestricted access to all project books, documents, papers, and records, including confidential client records; for inspection, copying, monitoring, and auditing.

OCJP reserves the right to conduct unannounced monitoring visits.

10420 Standard Monitoring Procedures

After a project has been selected for a monitoring visit, OCJP staff will normally provide one/two months written notice prior to the monitoring. A notice letter is sent to the project director and copied to the finance director, informing project staff of the date of the monitoring, and the grant(s) and time period to be monitored. An attachment to this letter will provide a list of the books and records that need to be available at the beginning of the monitoring visit. In addition, the person(s) responsible for the preparation of the OCJP Form 201, the content of the progress reports, and the oversight of grant related activity should be available during the monitoring visit to answer questions.

A blank copy of the Monitoring and Audits Branch Monitoring Report will be provided prior to the visit to aid the grantee's preparation and identification of needed source documents.

10421 Scope of Monitoring

Under the revised OMB Circular A-133 and the 1996 amendments to the Single Audit Act, pass through entities such as OCJP face heightened responsibility for monitoring their grantees. According to OBM Circular A-133 Compliance Supplement, a pass through entity must monitor grantee activities to provide reasonable assurance that the grantee administers federal awards in compliance with federal requirements. As stated in the commentary section of the Federal Register, Vol.61, No.84, "The pass through entity is responsible to monitor the activities of the grantee and ensure that Federal awards are only used for authorized purposes." The mandate requires OCJP to develop monitoring procedures that include program compliance and fiscal review.

The OCJP Monitoring and Audits Branch has developed a monitoring instrument to comply with the intent of OMB Circular A-133 and state requirements. The instrument is designed to provide

both fiscal and program compliance, as well as a risk ranking (applies to the Fiscal Operation only) that will benefit OCJP in identifying model programs and programs at risk.

10422 Monitoring Instrument

10422.1 Programmatic Instrument

The programmatic monitoring includes a review of key personnel and staffing, operational practices, source documentation, project activities and progress reports. State/Federal administrative requirements will be reviewed for compliance along with match, project income and equipment.

In addition, the monitors review the grant for administrative requirements for compliance with program guidelines. Since OCJP funds many distinct programs, the Monitoring and Audits Branch, working in cooperation with the Program Branches, designed and developed a specific instrument for each program. These instruments, limited in scope, identify 3-5 critical program activities tailored to the specific grant being monitored.

10422.2 Fiscal Instrument

The fiscal monitoring includes a review of accounting records and reports that support the amounts claimed for reimbursement on the Report of Expenditures and Request for Funds form, the OCJP Form 201. Transactions are tested in expenditure categories deemed material to the grant to provide reasonable assurance that expenses are related to the grants, proper records are maintained, expenditures are properly authorized and recorded and the OCJP Form 201 is fairly stated in accordance with program requirements. The Fiscal Instrument is in a format utilizing check sheets that may be applied to all grantees. The Fiscal Instrument is not returned to grantees.

10430 Monitoring Report

The monitoring report consists of three major sections: 1) Summary of Monitoring, 2) Programmatic Instrument and 3) Fiscal Instrument. The findings are identified in the Summary of Monitoring. Section A of the Summary refers primarily to compliance with programmatic requirements findings and Section B refers to fiscal report findings.

Upon completion of the monitoring report, a copy of the report, a cover letter and a Monitoring Report Response Form will be sent concurrently to the grantee and the Program Specialist assigned to the project.

10431 No Technical Deficiency Identified

If no technical deficiencies are identified in the report, the monitoring report becomes final.

10432 Technical Deficiency Identified

If technical deficiencies are identified in the monitoring report, the grantee has 30 calendar days to submit a written response. The response may be in letter format or utilize the Monitoring Report Response Form, reflecting the grantee's intent to accept or dispute any findings. The response must include supportive documentation. Send your response to:

Office of Criminal Justice Planning
Monitoring and Audits Branch
Attention: Program Monitor's Name
1130 K Street, LL 60
Sacramento, CA 95814

The Monitoring and Audits Branch will forward a copy of your letter and our response to your program specialist for completion of the process. We will send a final letter of disposition of findings.

10433 Corrective Action Plan Process

For technical deficiencies identified in the final monitoring report, the grantee and the program specialist are responsible for developing a corrective action plan. The requirements of OMB Circular A-133 are that the plan be implemented and the technical deficiencies resolved within six months of the finalization of the monitoring report.

Six months after the report is finalized, the Monitoring and Audits Branch will conduct a follow-up inquiry to verify the status of the corrective action plan.

10434 Disputed Findings

Program Compliance findings not resolved by the Monitoring and Audits Branch will be forwarded to the appropriate OCJP program specialist.

Please contact the Monitoring and audits Branch for a final decision of unresolved fiscal findings.

10435 Sanctions

If the project does not complete the required corrective action, OCJP may take action as appropriate including but not limited to:

- a. Withhold or reduce the amount of any payments requested by the project on an OCJP 201
- b. Reduce the amount of the current grant award agreement
- c. Terminate the current grant award agreement, after providing 14 calendar days written notice to the project (unless OCJP determines that good cause exists to waive the 14 calendar day notice)
- d. Deny future grant awards to the project and/or its sponsoring entity, its officers and assigns

10436 Final Action by OCJP

After a project has completed all corrective actions required by OCJP, a letter will be sent notifying the project that all required actions are completed. The corrective action status report is then a public document.

11000 RECORDS

11100 GENERAL

Agencies are required to maintain accurate, complete, orderly and separate records for each OCJP-funded grant. All grant records and documents must be adequately protected from fire, theft or other possible damage or loss. When stored away from the project's principal office, an index of the records' location must be maintained and ready access to the files must be ensured.

11110 Audits/Monitoring

All project books, documents, papers and records relating to the project must be accessible to OCJP or authorized representatives, and in the case of projects receiving federal funds, the Comptroller General of the United States (or authorized representatives), for inspection and audit.

11200 RETENTION REQUIREMENT

All grant records must be retained for at least three years from the date of the termination of the grant funding period or the date the final fiscal and program reports are submitted to OCJP, whichever is later. If the grantee's source documentation records are retained in a database system, it must cover the entire three year period and be retrievable. If at the end of the three years, there is litigation or an audit involving those records, the agency (grant recipient) shall retain the records until the resolution of such litigation or audit.

11300 DOCUMENTATION REQUIREMENTS

11310 Fiscal

The retention requirement extends to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, canceled checks, and related documents and records.

11311 Bank Statements and Reconciliations

Each month the cash balance shown in the accounting records (e.g., general ledger and/or cash disbursements register) should be reconciled with the cash balance shown on the bank statement.

11312 General Ledger Account Entries

All general ledger account entries for revenues and expenditures must be supported by subsidiary records, if used, and the original source documentation, canceled checks and bank statements. If the bank does not return canceled checks, the carbon copy of the check or the check stub must be retained. Source documentation includes invoices, bills and vouchers. The format of subsidiary records is determined by the project. The project must be able to trace the general ledger entries to the OCJP 201 (Appendix D).

The project can use worksheets to document how expenditures are taken from the general ledger and recorded on the OCJP 201.

11313 Duplicate Deposit Receipts

The project must maintain copies of the deposit receipts. The receipts must show the source of the receipt (e.g., OCJP, county, city, United Way, donations) and filed with the applicable bank statement.

11314 Canceled Checks

Canceled checks are checks written by the project which have been processed by the bank. Each month canceled checks must be reconciled with the bank statements. If the bank does not return canceled checks, the carbon copy or the check stub must be used.

11315 Vouchers

Vouchers include the following:

- a. Purchase orders;
- b. Receiving reports which show the items which are received from the vendor; and
- c. Vendor invoices - When invoices are paid, they must be marked "PAID" with the check number to prevent the likelihood of paying the same invoice twice.

11320 Programmatic

The records retention requirement extends to supporting documentation, statistical records and all other records pertinent to grant awards, subgrants, or contracts under grants. Funded projects must retain source documents which substantiate information on required OCJP reports which include:

- a. Progress Reports;
- b. Grant Award Modifications (OCJP 223, Appendix H);
- c. Evaluation Data Reports; and
- d. Any other records the project is directed by OCJP to maintain.

11330 Payroll Records

11331 All grant-funded personnel must maintain time cards/sheets that indicate the actual time worked on each OCJP project and account for all the time worked by the employee during the pay period. Time cards/sheets must be signed by the employee and contain the signed approval of the supervisor. (Refer to Appendix C for a sample time sheet.) An allocation plan may be used to allocate salaries and benefits for individuals who work on more than one program or grant. Refer to Section 2173 for information on an allocation plan. Local units of government may follow their own approved timekeeping policy. At a minimum, negative timekeeping standards must be applied.

11332 Personnel payroll files should include the following:

- a. W-2, W-4;
- b. Personnel action forms (i.e., approved pay rates by the board of directors or appropriate personnel agency, promotions, terminations, etc.);
- c. Cumulative earnings records;
- d. Leave records;
- e. Employee authorized deduction forms (i.e., health insurance); and
- f. Paid invoices submitted by employees for reimbursement of benefit expenses.

11340 Personnel Files

Personnel files should include the following:

- a. Application forms;
- b. Resumes;
- c. Job descriptions;
- d. Performance evaluations; and
- e. Appointment documents which include approved salary rates, benefits, and other terms of employment. Salary rates, increases and benefits must be approved by the governing board or applicable personnel agency.

11350 Equipment

Equipment must be:

- a. Located on the project's premises or identified in a locator file that specifically identifies the location of the equipment or the individual assigned to it;
- b. Recorded on an inventory list, identifying items purchased with OCJP funds (refer to Section 2350);
- c. Used in accordance with the grant award; and
- d. Labeled with OCJP property stickers (obtainable from OCJP Grants Control Unit).

Funded projects must retain contract records for the purchase of equipment.

11400 **ORGANIZATION POLICIES AND PROCEDURES**

The organization must have written policies and procedures covering hiring, termination, conflict of interest, benefits, salary rates, leave, travel, etc. There should also be written procedures regarding the accounting and reporting functions, including, but not limited to the following:

- a. Cash receipts and revenue;
- b. Deposits;
- c. Cash disbursements;
- d. Payroll;
- e. General Ledger; and
- f. Equipment.

In addition, any other policies and procedures (e.g., purchasing contracts) related to operating the project should be in writing.

11500 **PUBLIC AVAILABILITY OF INFORMATION**

Projects must comply with any and all current and applicable public information laws.

11600 **COMMUNICATIONS**

Projects must maintain a current telephone number and e-mail address, as well as a current postal address and physical location within the State of California.

12000 WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR DENIAL OF GRANT FUNDS

12100 WITHHOLDING OR DISALLOWANCE OF GRANT FUNDS

OCJP may withhold grant funds and/or disallow expenditures anytime the project fails to comply with any term or condition of the grant award or program guidelines. This may include, but is not limited to, the following:

- a. Failure to submit the required OCJP 201s (Appendix D) in a timely manner;
- b. Failure to submit the required progress reports in a timely manner;
- c. Failure to submit the final reports from previous projects in a timely manner;
- d. Failure to resolve interim or final audit exceptions on past or current grants in a timely manner;
- e. Inadequate maintenance of accounting records;
- f. Failure to submit proof of bond coverage in a timely manner;
- g. Failure to cooperate with or admit OCJP staff or representatives (e.g., audit team) to review program and/or fiscal records; and/or
- h. Failure to pay costs disallowed by the Audits Resolution Unit according to payment terms agreed to by the grantee and in a timely manner.

12200 REDUCTION OR TERMINATION OF GRANT FUNDS

OCJP may reduce or terminate grant funds for reasons that may include, but not limited to the following:

- a. If the project fails to comply with any term or condition of the grant award; and/or
- b. If during the term of the grant award, the state and/or federal funds appropriated for the purposes of the grant award are reduced or eliminated by the California Legislature or by the United States Government, or, in the event revenues are not collected at the level appropriated, OCJP may immediately terminate or reduce the grant award.

Should OCJP deem it necessary to reduce or terminate grant funds, the grantee shall be notified by written notice. No such termination or reduction shall apply to allowable costs already incurred by the grantee to the extent that state or federal funds are available for payment of such costs.

12300 DENIAL OF FUTURE FUNDING

Projects that have been previously funded by OCJP will be reviewed for past compliance, including financial management, progress and annual reports, monitoring results, audit reports, and any other relevant documentation or information.

Failure to comply with any term or condition of a grant award may result in the denial of future grant awards to any project, its officers, and assigns.

13000 CLOSEOUT

The closeout of a grant is the process by which a grantor agency determines that all applicable administrative actions and all required work of the grant have been completed by the grantee and the grantor.

13100 DISPOSITION OF PROPERTY

At the conclusion of each grant award period, transfer of title to the equipment may be approved in accordance with Section 2360. (See Appendix B for OCJP 074, Use of Equipment Certification.)

13200 FINAL PROGRESS REPORT

The final progress report covers the last reporting period of the grant award period.

The report is due to OCJP no later than 30 calendar days after the conclusion of the grant award period. Final payment on the grant will not be made until the progress report has been submitted (see Section 10130).

13300 INTERNAL ASSESSMENT/FINAL EVALUATION REPORT

This section is only applicable if a final evaluation is required by the program guidelines.

The report covers the entire grant award period.

The report is due to OCJP no later than 30 calendar days after the conclusion of the grant award period. Submit two copies of the report to the Grants Control Unit. Final payment on the grant will not be made until the internal assessment report has been submitted (see Section 10130).

13400 FINAL REQUEST FOR REIMBURSEMENT

All expenses must have been encumbered prior to the grant award end date. The only "unpaid obligation" that may be listed is the audit expense (see Section 8153).

Be sure that the box marked "final" is checked on the OCJP 201 (Appendix D) (See Section 6330.)

13500 RETENTION OF RECORDS

All records relating to the grant shall be retained in accordance with Section 11200.

13600 AUDITS

Audits must be completed and submitted to the OCJP Audits Branch no later than six months after the close of the grant period.

14000 GLOSSARY OF TERMS

Activity	The specific steps or actions that a project takes to achieve a measurable objective.
Administrative Agency or Grantee	The agency or organization designated on the Grant Award Face Sheet who is the programmatic recipient of the grant funds and will accomplish the planned objectives and program goals (e.g., Alameda County, City of Fresno, State Department of Justice, Fairfield Youth Services Bureau).
Application	Once selected for funding, the original proposal plus any additional forms as required by OCJP becomes the application. This application, once signed by OCJP and the local government agency or organization authorized to accept grant funding, becomes the Grant Award/Grant Award Agreement.
Community-based Organization (CBO)	A nonprofit, public benefit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code.
Competitive Bid	A contract process used when all suppliers are equally or nearly equally qualified to provide the services.
Equal Employment Opportunity Plan (EEOP)	A comprehensive plan that analyzes the agency's workforce and all agency employment practices to determine their impact on the basis of ethnicity and gender.
EEOP Guidelines	Extensive description of state and federal civil rights requirements and what constitutes an EEOP (samples, forms, etc.). The document was prepared to assist grantees in ensuring nondiscrimination and in the development, implementation, and/or improvement of their EEOP for compliance with the law.

Grant Award/Grant Award Agreement	The signed final agreement (application) between OCJP and the local government agency or organization authorized to accept grant funding. (See Application.)
Grant Award Forms Package	The package to be sent to projects selected for funding containing forms needed for the final Grant Award Agreement.
Grant Funding Cycle	The number of years a program may be funded without competition. A funding cycle is typically three years.
Grant Funding Period	The period of time, determined by the Request for Proposal (RFP) or the Request for Application (RFA), which the project narrative, objectives, activities, and budget cover. The time period is usually one year, and is shown on the Grant Award Face Sheet (OCJP A301).
Grantee Handbook	This handbook outlines the terms and conditions required of grant projects. Funded projects must administer their grants in accordance with these administrative and fiscal conditions.
Implementing Agency	The agency or organization designated on the Grant Award Face Sheet that is responsible for the day-to-day operation of the project (e.g., probation department, district attorney, sheriff).
Memorandum of Understanding (MOU)	This term is used synonymously with Operational Agreement.
Nonprofit Organization	A nonprofit, public benefit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code. The term is used synonymously with community-based organization.
Objectives	A set of quantifiable projections to be carried out in order to accomplish the program goals.
Operational Agreement (OA)	A formal agreement between two agencies which specifies the responsibilities of each agency in implementing the project.
Program	A specific set of goals and objectives established pursuant to legislative, congressional, or administrative action identifying an unmet need of the criminal justice system or victim services and

Program Guidelines	supported by a set appropriation from state or federal funding sources. The instructions concerning the programmatic and administrative requirements unique to a particular OCJP grant-funded program.
Project	The implementation of a program's goals and objectives by a (funded) state or local government agency or community-based organization.
Proposal	The packet of forms and narrative as requested by the RFP and submitted to OCJP which specified the priorities, strategies, and objectives of the applicant.
RFA	The Request for Applications is a noncompetitive process issued by OCJP to obtain applications from applicants previously selected for funding.
RFP	The Request for Proposals is issued by OCJP to solicit competitive proposals in order to select projects for funding.
Single Source	A contract process used when one supplier can be documented as being uniquely positioned to provide the service.
Sole Source	A contract process used when a specific supplier can be identified as the only supplier able to provide the services required by the department.
Source Documentation	Records that validate project activities and achievements as they pertain to the objectives outlined in the Grant Award Agreement.
Supplanting	To reduce federal, state, or local funds because of the existence of OCJP funds. Supplanting occurs when a grantee deliberately replaces its non-OCJP funds with OCJP funds, thereby reducing the total amount available for the stated purpose.

INDEX

GRANTEE HANDBOOK

INDEX

- A -

ACHIEVEMENTS AND ACTIVITIES, REPORTING, PROJECT	10000
APPENDICES	13600
AUDITS RESOLUTION	9000
AUDITS	8000
AWARD, GRANT	1000
Access to Audit Documents	8240
Account Entries, General Ledger	11312
Accountability Procedures, Emergency Funds	2235.2
Accounting System and Structure	6400
Accounting System	6410
Accrual Basis, Accounting System	6410.4
Action, Final by OCJP (Monitoring)	10434
Additional Signature Authority	Appendix AA
Administrative Overhead Positions	2172.1
Advance Payments	6311
Advance of Grant Funds OCJP 202--Certification for	Appendix F
Advertising Formal, Contracts	4410
Advertising, Formal, Procurement	3410
Agreement Standard STD. 2	Appendix A
Allowable Costs for Travel	2236.3
Allowable Equipment	2320
Allowable Operating Expenses	2230
Allowable and Non-allowable Costs for Personnel	2170
Amending the Grant Award	7110
Ammunition and Weapons	2240.7
Annual Professional Dues or Fees	2240.10
Appraisals (or Approvals) and Authorities, Procurements	3200
Approval, Amendments	7130
Approval, Grant Award Modifications	7140
Approval, Indirect Cost Rates	2222
Approvals (or Appraisals) and Authorities, Procurements	3200
Approvals and Authorities, Contracts	4200
Asset Forfeitures	6521
Assistance, Technical	10200
Assistance, Technical Financial	8600
Audit Costs	2234
Audit, Frequency of	8120
Audit, Independent CPA/Auditor Report Review Process	8500

Audit, OCJP Audit Process	8300
Audit Plan	8103
Audit Plan, Proposed (OCJP 601)	Appendix K
Audit Programs and Internal Control Questionnaires	8602
Audit, Quality Control Review	8250
Audit, Questioned/Disallowed Costs	8400
Audit Report Content	8210
Audit Report Distribution	8220
Audit Report, Failure to Submit	8230
Audit Reporting Compliance	8101
Audit Reports	8200
Audit Reports, Timely Submittal	8102
Audit Requirements	8100
Audit, Right to Perform or Review	8260
Audit, Scope of	8110
Audits, Closeout	13600
Audits, Definition of Terms	8800
Audits/Monitoring, Records	11110
Audits, Securing	8130
Augmentation Procedures	7330
Augmentations	7300
Authorities and Approvals, Contracts	4200
Authorities, Approvals (or Appraisals), Procurements	3200
Authorized Official to Sign for Project	2113
Automated Equipment and Computers	2340
Automated System Purchase: Justification Guidelines	Appendix E
Automobile, Commercial Rental	2236.32
Automobiles	2331
Availability of Public Information	11500
Award, Grant Components	1200
Award, Grant Conditions	1300
Awarding Contracts	4420

- B -

Bank Statements and Reconciliations, Records	11311
Benefits and Salaries, Personal Services	2100
Benefits, Personal Services--Time Study Allocation Plan	2173
Beverages and Food	2240.6
Bond Coverage, Augmentations	7340
Bond Coverage, Extensions	7250
Bond, Exemptions	2162
Bond, Fidelity	2160
Bonuses/Commissions	2240.1
Budget Modification Procedures	7530
Budget Modification	7500
Business Expenses	2236.33

- C -

CHANGES TO GRANT AWARD	7000
CLOSEOUT	13000
CONTRACTS	4000
COPYRIGHTS AND PATENTS, MULTI-MEDIA MATERIALS	5000
CPA, Independent Auditor Reports, Review Process	8500
Calculating the Match	6550
Cancelled Checks, Records	11314
Cash Basis, Accounting System	6410.3
Cash Match	6511
Certification of Assurance of Compliance (OCJP 656)	Appendix P
Certification, Debarment	2155
Certification, Drug-Free Workplace	2152
Certification, Environmental Impact	2153
Certification, Lobbying	2154
Certification, Use of Equipment, OCJP 074	Appendix B
Changes in Key Personnel	2114
Changing the Type of Match	6560
Changing the Grantee Name	7110
Charges, Fees, and Penalties	2240.11
Checks, Cancelled	11314
Civil Rights Compliance - Equal Employment Opportunity	2151
Civil Rights Laws, State and Federal	Appendix R
Claimed Expenses	6313
Claims, Travel	2236.4
Commercial Automobile Rental	2236.32
Commissions/Bonuses	2240.1
Compensation Allowable for Personnel	2172
Compliance, Civil Rights--Equal Employment Opportunity	2151
Compliance Plan, Project Response (Monitoring)	10431
Components, Grant Award	1200
Computer Purchase Justification Guidelines	Appendix E
Computers and Automated Equipment	2340
Computers, Lease to Purchase Agreements	2343
Conditions, Grant Award	1300
Confidential Expenditures	2231
Confidential Funds OCJP 652--Disbursement of	Appendix N
Conflict of Interest	2140
Considerations, Augmentations	7320
Considerations, Extension of the Liquidation Period	7720
Considerations in Grant Award Extensions	7230
Considerations, Reduction in Grant Allocation	7420
Consultant Services	2237
Contract Limitations	4800
Contract Provisions	4900
Contracting, Methods	4400

Contractor, Selecting	4600
Contracts, Elements	4700
Contributions, Expenditure of Match, Reporting	6570
Copyrights and Rights in Data	5300
Cost, Computers and Automated Equipment	2342
Costs Rates, Indirect (ICR)/Administrative Overhead	2220
Costs for Personnel, Allowable and Non-allowable	2170
Costs, Audit	2234
Costs, Questioned	8400
Credits and Disclaimers, Publications	5200

- D -

DENIAL, WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR	12000
DISALLOWANCE, WITHHOLDING, REDUCTION, TERMINATION AND/OR DENIAL	12000

Debarment, Certification	2155
Decreasing Project Funds	7430
Definition, Allowable and Non-allowable Costs for Personnel	2170
Definition, Augmentations	7310
Definition, Budget Modification	7510
Definition, Contracts	4100
Definition, Drug-free Workplace	2152
Definition, Emergency	2235.1
Definition, Encumbrance	6220
Definition, Equipment	2310
Definition, Grant Award	1100
Definition, Grant Award Extensions	7210
Definition, Liquidation Period	7710
Definition, Monitoring	10400.1
Definition, Obligation	6210
Definition of Terms, Audits	8800
Definition, Overtime	2180
Definition, Procurements	3100
Definition, Reduction in Grant Allocation	7410
Denial of Future Funding	12300
Deposit Receipts, Duplicate	11313
Depreciation	2240.12
Description, Job, Written	2120
Director, Project	2111
Disallowance or Withholding of Grant Funds	12100
Disallowed Costs, Audit Resolution	9200
Disallowed/Questioned Costs Identified in an Audit	8400
Disbursement of Confidential Funds (OCJP 652)	Appendix N
Disclaimers and Credits	5200
Disclosure of Lobbying Activities	Appendix BB

Disposition of Audit Issues.....	9100
Disposition of Property, Closeout	13100
Disputed Findings, Monitoring	10432
Distribution, Audit Report	8220
Documentation Requirements, Records.....	11300
Documenting the Time Study Allocation Plan	2173.2
Documents, Access to Audit	8240
Double Billings.....	6340
Drug-Free Workplace Certification.....	2152
Drug-Free Workplace Certification Requirements, Contracts	4910
Dues, Annual Professional.....	2240.1
Dues, Membership	2240.8
Duplicate Deposit Receipts, Records.....	11313

- E -

Elements of a Contract.....	4700
Elements of a Purchase Order/Document	3600
Emergency Defined	2235.1
Emergency Fund Procedures.....	Appendix Q
Emergency Funds.....	2235
Employees, Federal and State	2175
Employment, Equal Opportunity--Civil Rights Compliance.....	2151
Encumbrances, Definition	6210
Encumbrances and Liquidation Expenditures	6200
Environmental Impact, Certification.....	2153
Equal Employment Opportunity--Civil Rights Compliance.....	2151
Equal Employment Opportunity Policy Statement Sample	Appendix V
Equipment.....	2300
Equipment Certification, Use of OCJP 074	Appendix B
Equipment, Allowable	2320
Equipment, Computer	2340
Equipment, Definition	2310
Equipment, Depreciation	2240.12
Equipment, Identification and Records.....	2350
Equipment, Losses/Replacements	2370
Equipment, Records.....	11350
Equipment, Rented or Leased	2233
Equipment, Title	2360
Equipment, Transfer of Title	2380
Example, Allowable Liquidation Expenditures	6230.1
Example, Nonallowable Liquidation Expenditures	6230.2
Exception to Regular Consultant Services Rates	2237.21
Expenditures Report of and Request for Funds OCJP 201.....	Appendix D
Expenditures, Confidential.....	2231
Expense Items Prohibited	2240
Expenses, Allowable, Operating.....	2230
Expenses, Business.....	2236.33

Expenses, Operating	2200
Expert Witness Fees	2237.3
Extension Procedures	7240
Extension of Bond Coverage	7250
Extension of Liquidation Period	7700
Extensions of Grant Periods	7220
Extensions, Grant Award	7200
Extension Request Form	Appendix A

- F -

FINANCIAL REPORTING	6000
FUNDING CATEGORIES AND POLICY	2000

Facility Rental	2232
Failure to Submit an Audit Report	8230
Federal Funds Matching Federal or State Funds	6524
Federal and State Employees, Personnel Costs	2175
Fees, Annual Professional Dues or	2240.10
Fees, Charges and Penalties	2240.11
Fees, Expert Witness	2237.3
Fees, Retainer	2237.4
Fidelity Bond	2160
Fidelity Bond, Exemptions	2162
Files, Personnel	11340
Final Action by OCJP, Monitoring	10434
Final Evaluation/Assessment Report	13300
Final Payment and Progress Report	10130
Final Progress Report	13200
Final Report of Expenditures and Request for Funds	6330
Final Request for Reimbursement	13400
Final Sanctions, Monitoring	10433
Financial Officer	2112
Financial Technical Assistance	8600
Financial Technical Assistance OCJP 602--Request for	Appendix L
Findings, Disputed, Monitoring	10432
Fiscal, Records	11310
Follow-up, Site Visit	10330
Food and Beverages	2240.6
Forfeitures, Asset, as Match	6521
Formal Advertising, Contracts	4410
Formal Advertising, Procurement	3410
Frequency of Audit	8120
Functional Time Sheet Report OCJP 113	Appendix C
Fund Availability	1400
Funding, Denial of Future Funding	12300
Fundraising	2240.3
Funds, Emergency	2235

Funds, Request for and Report of Expenditures OCJP 201	Appendix D
Funds, Victims of Crime Act (VOCA)	2223
Future Funding, Denial of	12300

- G -

GRANT AWARD, CHANGES TO	7000
GRANT AWARD	1000
GRANT FUNDS, WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR DENIAL	12000

General Ledger Account Entries	11312
General Ledger Account Structure	6420
Government, Travel and Per Diem, Policy	2236.2
Grant Allocation, Reduction	7400
Grant Award Components	1200
Grant Award Conditions	1300
Grant Award Extensions	7200
Grant Award Modification (OCJP 223)	Appendix H
Grant Award Notification	6100
Grant Funds, Withholding or Disallowance of	12100
Guidelines, Contracts	4300
Guidelines, Procurements	3300

- H -

"Harassment or Discrimination in Employment is Prohibited by Law" Poster	Appendix V
---	------------

- I -

INTRODUCTION	i
Identification and Records, Equipment	2350
Improvements and Real Property	2240.4
In-Kind Match	6512
Independent CPA/Auditor Report Review Process	8500
Indirect Cost Rate Proposal (ICRP)/Administrative Overhead	2220
Informal Advertising, Contracts	4430
Informal Advertising, Procurement	3420
Interest Income OCJP 224--Statement of	Appendix I
Interest Income	6620
Interest, Conflict of	2140
Interest Payments	2240.5
Internal Assessment/Final Evaluation Report	13300
Internal Control and Audit Programs, Questionnaires	8602
Invitation for Bid, Contracts	4411

Invitation for Bid, Procurement	3411
Invoice for Repayment, Audit Resolution	9100

- J -

Job Description, Written	2120
Job Description, Examples	Appendix Z
Justification, Computers and Automated Equipment	2341
Justification Procedure, Sole Source Requests, Contracts	4520
Justification Procedure, Sole Source Requests, Procurement	3520

- K -

Key Personnel, Changes	2114
Key Personnel	2110

- L -

Lease to Purchase Agreement	2343
Lease/Purchase Analysis	Appendix CC
Leased or Rented Equipment	2233
Ledger, General Account Entries	11312
Ledger, General, Account Structure	6420
License, Professional	2240.9
Limitations, Contract	4800
Liquidation Expenditures	6220
Liquidation Period, Consideration of Extension	7720
Liquidation Period, Definition	7710
Liquidation Period, Extension of	7700
Liquidation Period, Procedures for Extension	7730
Lobbying, Certification	2154
Lobbying	2240.2
Losses, Equipment	2370

- M -

MAINTENANCE AND RETENTION OF RECORDS	11000
MULTI-MEDIA MATERIALS, COPYRIGHTS AND PATENTS	5000

Management Services/Studies	2237.5
Match Categories (Allowable/Nonallowable)	6520
Match Requirements	6500
Match on Percent of Funds Allocated	6550.2
Match on Total Project Cost	6550.1
Match, Calculating	6550
Match, Cash	6511
Match, Changing the Type	6560

Match, In-Kind	6512
Match, Over	6540
Match, Reporting	6570
Match, Required	6530
Matching Federal Funds with State Funds	6523
Matching Federal or State Funds with Federal Funds	6524
Matching State Funds with State Funds	6522
Membership Dues	2240.8
Memorandum of Understanding (Sample)	Appendix Y
Methods of Contracting	4400
Methods of Procurement	3400
Modification Grant Award, OCJP 223	Appendix H
Modification of Project Objectives	7600
Modification, Budget	7500
Modified Accrual Basis, Accounting System	6410.5
Modifying the Grant Award	7120
Monitoring	10400
Monitoring/Audits	11110
Monitoring, Disputed Findings	10432
Monitoring, Final Action by OCJP	10434
Monitoring, Final Sanctions	10433
Monitoring Procedures	10420
Monitoring, Project Response to Compliance Plan	10431
Monitoring Report	10430
Monthly Report of Expenditures and Request for Funds	6310
Monthly Request for Funds	6312
Moving Expenses	2232.2
Motorized Vehicles	2330

- N -

New Line Item, Operating Expenses	2210
Non-allowable and Allowable Costs for Personnel	2170
Nonprofit Private Organizations, Travel and Per Diem	2236.22
Notification of Grant Award	6100

- O -

OCJP 074--Use of Equipment Certification	Appendix B
OCJP 113--Functional Time Sheet Report	Appendix C
OCJP 201--Report of Expenditures and Request for Funds	Appendix D
OCJP 202--Certification for Advance of Grant Funds	Appendix F
OCJP 203--Request to Submit Quarterly Reports of Expenditure	Appendix G
OCJP 223--Grant Award Modification	Appendix H
OCJP 224--Statement of Interest Income	Appendix I
OCJP 601--Proposed Audit Plan	Appendix K
OCJP 602--Request for Financial Technical Assistance	Appendix L

OCJP 651--Request for Programmatic Technical Assistance.....	Appendix M
OCJP 652--Disbursement of Confidential Funds.....	Appendix N
OCJP 656--Certification of Assurance of Compliance.....	Appendix P
OCJP 700--Proposed Out-of-State Travel.....	Appendix S
OCJP Audit Process	8300
OCJP, Final Action by	10434
Objectives, Modification of Project Objectives.....	7600
Official Authorized to Sign for Project	2113
One Bid Received or Considered Responsive, Procurement	3530
One Bid Received or Considered Responsive, Contracts.....	4530
Operating Expenses	2200
Operating Expenses, Audit Costs.....	2234
Operational Agreement (Sample).....	Appendix Y
Opportunity, Equal Employment--Civil Rights Compliance.....	2151
Organization Policies and Procedures	11400
Other Income and Project Income.....	6600
Other Income	6630
Out-of-State Travel.....	2236.11
Out-of-State Travel Request Form.....	Appendix S
Over Match.....	6540
Overhead, Administrative, Rates, Indirect Cost	2172.1, 2220
Overtime	2180

- P -

PROCUREMENTS.....	3000
Patents	5400
Payment, Final.....	10130
Payments, Advance	6311
Payroll Records.....	11330
Penalties, Charges, Fees.....	2240.11
Per Diem and Travel	2236
Personal Services - Salaries and Benefits	2100
Personal Services and Benefits--Time Study Allocation Plan	2173
Personnel Files, Retention	11340
Personnel Policies, Written.....	2130
Personnel, Costs for, Allowable and Non-allowable	2170
Personnel, Key, Changes	2114
Personnel, Key.....	2110
Policies and Procedures, Organization.....	11400
Policies, Personnel, Written.....	2130
Preparing a Time Study Allocation Plan.....	2173.1
Prior Approval for Budget Modification.....	7520
Private Nonprofit Organizations, Travel and Per Diem	2236.22
Private Nonprofit Organizations Sponsored by a Local Unit of Government.....	2236.23
Private Vehicles, Allowable Travel Costs.....	2236.31

Procedure, Justification for Sole Source, Procurement	3520
Procedures and Policies, Organization	11400
Procedures, Accountability (Emergency Funds)	2235.2
Procedures, Augmentation	7330
Procedures, Budget Modification	7530
Procedures, Emergency Fund	Appendix Q
Procedures, Extension of Liquidation Period	7730
Procedures, Monitoring	10420
Process, Independent CPA/Auditor Report Review	8500
Process, OCJP Audit	8300
Procurement Awards	3413
Procurement, Definition	3100
Procurement, Methods of	3400
Professional Dues or Fees, Annual	2240.1
Professional License	2240.9
Programmatic, Records	11320
Programmatic Technical Assistance OCJP 651--Request for	Appendix M
Progress Reports	10100
Prohibited Expense Items	2240
Project Director	2111
Project and Other Income	6600
Project Income	6610
Project Income Reporting Transmittal (OCJP 234)	Appendix DD
Project Objectives, Modifications	7600
Project Response to Compliance Plan, Monitoring	10431
Property, Disposition of	13100
Proposed Audit Plan (OCJP 601)	Appendix K
Proposed Automated System Purchase: Justification Guidelines	Appendix E
Proposed Out-of-State Travel (OCJP 700)	Appendix S
Provisions Regarding Allowable Compensation for Personnel	2172
Provisions Regarding Allowable Operating Expenses	2230.1
Provisions, Contract	4900
Public Availability of Information	11500
Publications	5100
Publications, Credits and Disclaimers	5200
Purchase Order/Document, Elements	3600
Purchase of Supplies	2142
Purchase, Lease to, Agreement	2343
Purpose, Progress Reports	10110
Purpose, Site Visit	10310

- Q -

Quality Control Review of Audit Reports	8250
Quarterly Report of Expenditures and Request for Funds	6320
Quarterly Reports of Expenditure and Request for Funds--OCJP 203	Appendix G
Questionnaires, Audit Programs and Internal Control	8602
Questioned/Disallowed Costs Identified in an Audit	8400

- R -

RECORDS	11000
REDUCTION, WITHHOLDING, DISALLOWANCE, TERMINATION AND/OR DENIAL OF GRANT FUNDS	12000
REPORTING PROJECT ACTIVITIES AND ACHIEVEMENTS	10000
REPORTING, FINANCIAL	6000
RESOLUTION, AUDITS	9000
 Rates, Consultant Services	2237.2
Rates, Indirect Cost, Administrative Overhead	2220
Real Property and Improvements	2240.4
Reconciliations and Bank Statements	11311
Records and Identification, Equipment	2350
Records, Audit/Monitoring	11110
Records, Fiscal	11310
Records, Indirect Cost Rates	2225
Records, Payroll	11330
Records, Programmatic	11320
Records, Retention Requirements	11200
Reduction or Termination of Grant Funds	12200
Reduction to Grant Allocation	7400
Reimbursement, Final Request	13400
Rental, Commercial Automobile	2236.32
Rental, Facility	2232
Rental Space for Training, Shelter, and Counseling Rooms	2232.1
Rented or Leased Equipment	2233
Repayment of Disallowed Costs	9220
Replacements, Equipment	2380
Report Distribution, Audits	8220
Report of Expenditures and Request for Funds (OCJP 201)	6300
Report of Expenditures and Request for Funds OCJP 201	Appendix D
Report, Monitoring	10430
Reporting Match	6570
Reports, Audit	8200
Reports, Progress	10100
Request for Funds and Report of Expenditures (OCJP 201)	6300
Requests for Financial Technical Assistance (OCJP 602)	Appendix L
Requests for Programmatic Technical Assistance (OCJP 651)	Appendix M
Requests-for-Proposals, Contracts	4412
Requests-for-Proposals, Procurement	3412
Requests, Sole Source, Contracts	4500
Requests, Sole Source, Procurement	3500
Requests-for-Approval, Confidential Expenditures	2231.1
Required Certifications	Appendix P
Required Match	6530
Requirements, Audit	8100

Requirements, Retention.....	11200
Resolution of Governing Board	1316
Resolution of Governing Board (Sample)	Appendix EE
Response to Compliance Plan, Project	10431
Responsive, One Bid Received or Considered, Procurement	3530
Responsive, One Bid Received or Considered, Contracts.....	4530
Retainer Fees.....	2237.4
Retention of Records	13500
Retention Requirements (Records).....	11200
Review, Independent CPA/Auditor Report Review Process	8500
Review, Quality Control (Audits)	8250
Revised Handbook Sections.....	ii
Revising the Time Study Allocation Plan	2173.3
Right to Perform Audit or Review	8260
Rights in Data, Copyrights	5300
Rights, Civil, Compliance--Equal Employment Opportunity.....	2151

- S -

STD. 2--Standard Agreement.....	Appendix A
Salaries and Benefits, Personal Services.....	2100
Sanctions, Final	10433
Sanctions for Non-payment of Disallowed Costs	9230
Scope of Audit	8110
Scope of Monitoring	10421
Securing Audits	8130
Security, Fidelity Bond	2160
Selecting a Contractor	4600
Separation of Duties - General Guidelines.....	8910
Services, Consultant.....	2237
Services, Personal, Salaries and Benefits	2100
Services/Studies, Management	2237.5
Shifting of Personnel	2174
Sign, Official Authorized for Project	2113
Site Visit.....	10300
Sole Source & Sole/Single Source Checklists.....	Appendix T
Sole/Single Source Requests, Contracts (Services).....	4500
Sole Source Requests, Procurement (Goods).....	3500
Staffing of Projects.....	2141
Standard Agreement (STD 2).....	Appendix A
State and Federal Civil Rights Laws	Appendix R
State and Federal Employees, Allowable/Non-allowable Costs	2170
State Funds Matching Federal Funds	6523
State Funds Matching State Funds	6522
State Travel Policy.....	Appendix J
Statement of Interest Income	Appendix I
Studies/Services, Management	2237.5
Submission of Progress Report.....	10120

Supplanting.....	1313
System, Accounting.....	6410
System and Structure, Accounting.....	6400

- T -

TERMINATION, WITHHOLDING, DISALLOWANCE, REDUCTION, AND/OR DENIAL OF GRANT FUNDS.....	12000
---	-------

Technical Assistance.....	10200
Technical Financial Assistance	8600
Termination or Reduction of Grant Funds	12200
Time Sheet Functional Report OCJP 113	Appendix C
Time Study Allocation Plan - Personal Services and Benefits.....	2173
Time Study Allocation Plan, Preparing.....	2173.1
Time Study Allocation Plan, Documenting	2173.2
Timeframe, Monitoring.....	10410
Timeframe, Site Visit	10320
Title to Equipment.....	2360
Travel Claims.....	2236.4
Travel and Per Diem Policies	2236.2
Travel and Per Diem	2236

- U -

Units of Government, Travel Policies	2236.21
Use of Equipment Certification (OCJP 074).....	Appendix B

- V -

Vehicles, Motorized.....	2330
Vehicles, Private, Allowable Costs for Travel	2236.31
Victims of Crime Act (VOCA) Funds, Indirect Cost Rates	2223
Violence Against Women Act (VAWA) Funds, Indirect Cost Rates	2224
Visit, Site.....	10300
Vouchers, Records	11315

- W -

WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR DENIAL OF GRANT FUNDS.....	12000
--	-------

Weapons and Ammunition	2240.7
Withholding or Disallowance of Grant Funds	12100
Witness, Expert, Fees	2237.3
Written Job Description	2120
Written Personnel Policies	213